



Doing Business in Ethiopia: 2010 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Ethiopia

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Market Overview

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- Ethiopia's population of approximately 80 million makes it one of the largest markets in Africa. Gross Domestic Product (GDP) per capita was only about \$404 in the fiscal year (FY) 2008/2009 (Ethiopia's fiscal year ends on July 7), but overall GDP growth for the past five years has averaged 11% annually according to Ethiopian Government figures. The World Bank and the International Monetary Fund estimated FY 2008/09's growth at 6.5%, while the Ethiopian Government stated it was 10%.
- Nominal GDP was \$32.3 billion in FY 2008/09. Agriculture accounted for 43% of GDP and employed over 80% of the population. Approximately 85% of Ethiopia's population lives in rural areas.
- Year-on-year inflation peaked at 64% in July 2008, but declined to 8% in February 2010 as a result of government restrictions on the money supply.
- The government depreciated the Ethiopian Birr by over 40% against the U.S. Dollar since 2008. The Birr traded at 13.4 per U.S. Dollar in March 2010. Further currency devaluations are expected in the near future.
- Ethiopia suffers from a continual significant trade deficit. In FY 2008/09, exports totaled \$1.4 billion, while imports reached \$7.7 billion leading to a trade deficit of \$6.3 billion.
- Ethiopia's primary exports include coffee, oil seeds, chat, flowers, leather and skins, gold, pulses, live animals, honey and beeswax, spices, natural gum, and fruits and vegetables. Coffee is the leading export commodity, constituting 26% of total exports by value in FY 2008/09 followed by oil seeds, which comprised 25% of total exports.
- The country's main imports include petroleum products, machinery, metal products, intermediate inputs and raw materials such as agricultural and industrial chemicals, fertilizers, medical and pharmaceutical products, and food grains.
- The major sources of Ethiopian imports in FY 2008/09 were: China (17%), Saudi Arabia (16%), India (7%), Italy (6%), and UAE (6%). The U.S. was the sixth largest import source (5%), providing primarily grain and machinery to Ethiopia.
- Ethiopia's top five export destinations in FY 2008/09 were: China (13%), Germany (9%), Netherlands (8%), Switzerland (8%), and Saudi Arabia (7%). The U.S. was Ethiopia's ninth largest export destination (4%), mainly through purchases of coffee and oil seeds.
- Ethiopia's import from the United States totaled approximately \$271 million in 2009, while Ethiopian exports to the United States totaled \$113 million.
- U.S. businesses in Ethiopia are primarily involved in the following industries: soft drinks; construction equipment; real estate; agricultural machinery; farming; and engineering services.

- Chinese companies are active in Ethiopia's infrastructure sectors, while Indian and Saudi Arabian firms are mainly involved in the agricultural sectors. Dutch companies play a prominent role in the floriculture sector.
- National elections will be held in May 2010 and results will be announced in June 2010. In the aftermath of the 2005 elections, Ethiopian Government forces killed nearly 200 people during public protests and jailed thousands of political opposition members.

Market Challenges

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- The Ethiopian Government is engaged in a slow process of economic reform and liberalization; however, the state remains heavily involved in most economic sectors. Some sectors, particularly in services and trade, are difficult for foreign investors to enter. The government retains control over the utilities sector, as well as telecom, and prohibits foreign ownership of banking, insurance, and financial services companies. As a result, state-owned enterprises and political ruling-party owned entities dominate the economic landscape, leaving little room for the private sector to flourish.
- The state-owned telecommunications company, Ethiopian Telecommunications Corporation (ETC), offers slow, expensive, and unreliable phone and Internet services. In a country with 80 million residents, there are only 3.3 million mobile phone subscribers and 44,000 Internet subscribers.
- The prohibition on foreign financial services institutions from operating in Ethiopia and the undeveloped regulatory environment have resulted in a limited and weak financial sector.
- The acute foreign exchange crisis that plagued Ethiopia throughout 2008 and 2009 is expected to continue to challenge businesses in the future. Foreign exchange reserves dropped to \$700 million in 2008, but have risen to about \$1.85 billion in early 2010. Currently, businesses face multi-month long waiting lists for foreign exchange allocation with exporters receiving the highest priority slots.
- Constitutionally, all land is owned by the state and cannot be purchased or sold, but can be leased on a long-term basis of up to 99 years.
- Rampant power outages forced factories to cease operations for several days each week in 2009. Power supply has been more reliable since then, as several hydropower dams have come online, but electricity demand still outpaces supply.
- Government procedures and paperwork are usually complicated and time-consuming, although improvements have been made. The customs clearance process is slow and imported goods are sometimes taxed at attributed values instead of invoice values.
- According to the Addis Ababa Chamber of Commerce Arbitration Center, while improving, contractual enforcement remains weak. As a result, many local companies prefer to do business with relatives or close associates.
- Lack of access to finance is a great hindrance to both foreign and local businesses. Currently, banks are restricted from lending above their current limits due to the central bank's mandate to decrease the money supply and control inflation.
- A largely illiterate and semi-skilled workforce suffers from low productivity levels. Ethiopia's adult literacy rate is estimated at 36%.
- Ethiopia's judicial system remains poorly staffed and inexperienced, particularly with respect to commercial disputes.

- The Ethiopian Government's de facto requirement that imports be transported by the state-owned Ethiopian Shipping Lines (ESL) has caused severe delivery delays and contractual disputes for U.S. exporters. ESL is also more expensive compared to other shipping lines.

Market Opportunities

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- Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. In 2009, the Ethiopian Government shifted its agricultural policy focus towards encouraging private investment (both domestic and foreign) in larger-scale commercial farms. The Ministry of Agriculture and Rural Development (MoARD) created a new Agricultural Investment Support Directorate that is currently negotiating long-term leases on over 7 million acres of land for these commercial farms. The new Directorate's goal is to boost productivity, employment, technology transfer, and foreign exchange reserves by offering incentives to private investors. Additionally, Ethiopia is interested in attracting investment to develop its forestry and fishing resources.
- The Ethiopian Government also seeks to attract investors--through incentives--to the following priority export sectors: coffee, textiles/garments, leather, horticulture/floriculture, and agro-processing. Many Ethiopian goods, such as garments, are eligible for duty-free access to the U.S. market under the African Growth and Opportunity Act (AGOA).
- Leading non-agricultural sectors for U.S. trade and investment include: renewable energy, construction, tourism, telecommunications, and civil aviation.
- Other successful U.S. exports to Ethiopia include: trucks/vehicles, spare car parts, medical equipment, and pharmaceuticals.
- Nearly all tenders issued by the Ethiopian Government's Privatization and Public Enterprises Supervising Agency (PPESA) are open to foreign participation. Most of the 260 public enterprises sold since 1994 have been small enterprises in the trade and service sectors. About 90 public enterprises remain under PPESA control.

Market Entry Strategy

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- Getting a firsthand look at the Ethiopian market and developing personal relationships is an important first step.
- U.S. firms should consider appointing experienced local agents to represent their products and services in Ethiopia. Ethiopian Diaspora living the United States often serve as resources in establishing U.S.-Ethiopian partnerships.
- The Ethiopian Government requires that all imports be channeled through Ethiopian nationals registered as official import or distribution agents with the Ministry of Trade and Industry (MOTI).
- Up to 40% of Ethiopia's imports are solicited through government tenders. The tender announcements are made public to all interested potential bidders, regardless of the nationality of the supplier or origin of the products/services.
- Government procurement is generally conducted by a competitive bidding process although political factors may influence decisions.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2859.htm>

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Using an Agent or Distributor

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To conduct business effectively and participate in local tenders, it is strongly advised that U.S. firms appoint local agents to represent their products and services in Ethiopia. Finding experienced agents and distributors in Ethiopia is generally not a difficult task. U.S. firms could begin by consulting with local chambers of commerce and the U.S. Embassy's Economic/Commercial Section for initial points of contact.

Establishing an Office

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- A U.S. firm wishing to establish a branch office in Ethiopia must submit the following documents for registration:
 - A notarized copy of the registration of a parent company in the country of origin.
 - Copy of the Memorandum and Articles of Association.
 - An authenticated decision of the parent company's board of directors or a similarly authorized body for the establishment of a branch in Ethiopia. The decision should indicate the types of activities of the branch, the individuals appointed by the parent company to act on its behalf and the capital allocated for its operation.
 - An authenticated power of attorney issued by an authorized organ of a company for the permanent representative in Ethiopia.
 - Financial reference from the company's bank. A notice published in a local newspaper announcing the establishment of a branch company in Ethiopia.

- All importers and exporters who establish a local office must be registered with MOTI to seek project approval and receive incentives from the Ethiopian Investment Agency (EIA).

Franchising

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Difficulties in product quality control, banking regulations, and continuing foreign exchange convertibility issues make franchising difficult. Currently, there are no U.S. franchises operating in Ethiopia.

Direct Marketing

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Direct marketing of U.S. products in Ethiopia is very limited as the use of local agents is required for most types of businesses.

Joint Ventures/Licensing

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Foreign investment inflows through joint ventures (especially with the government) are promoted and encouraged in Ethiopia. The following are the major criteria for the approval of joint venture proposals:

- Transfer, absorption, know-how, and adaptation of needed technology into the country.
- Improvement of the country's foreign exchange position.
- Utilization and development of the country's resources, including the generation of local employment.

Development of forward and backward linkages, and increased added value in various economic sectors.

Selling to the Government

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Government purchases account for about 40% of total imports, with funds coming from project loans by international financial institutions such as the World Bank, the African Development Bank, and other international donors. Government procurement conducted is by a competitive bidding process and bidding company authorization is required to be eligible for participation. Bureaucratic procedures and delays in the decision-making process sometimes impede participation in tenders and expose bidding companies to unnecessary costs and delays. Political factors also influence tender decisions. It is advisable to work with local agents or representatives in order to participate effectively in local tenders. Potential opportunities exist in the areas of road construction, renewable energy, and aircraft parts.

Distribution and Sales Channels

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As a landlocked country, Ethiopia relies heavily on the Port of Djibouti for the import and export of goods. Ethiopia is working to bypass the clearance and traffic backlog in Djibouti by streamlining customs procedures and constructing dry ports near its border with Djibouti. Port Sudan and Berbera Port in Somaliland are used to a smaller degree. French company Bollere is in the process of negotiating a multi-million expansion of the Berbera Port. Most goods are transported by trucks from the ports to Addis Ababa and other parts of Ethiopia. Plans to revamp Ethiopia's rail systems are underway, but

currently not operational. Cut flowers and fresh fruits and vegetables are transported via air.

Most distribution in Ethiopia, particularly to regional towns, is done through informal business arrangements. For example, after being cleared through customs, many goods will be sold to wholesalers in Addis Ababa's largest open market (Merkato) and then distributed to retailers and small vendors.

Ethiopia requires that all imports be channeled through Ethiopian nationals registered with the government as official import or distribution agent. The importer or agent is required to apply for an import license, and register with MOTI as well as the National Bank of Ethiopia (for a foreign exchange permit).

Selling Factors/Techniques

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Methods used by successful competitors in the Ethiopian marketplace include active contact with key Ethiopian Government officials responsible for major programs and projects, personal visits by representatives for initial market surveys, and contact with local representatives knowledgeable about future plans and market potential. Sales materials in the official local language, Amharic, in addition to English is an effective way to reach a broader customer base; however, the use of English is prevalent in the business community.

Electronic Commerce

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Electronic Commerce is still in its infancy stage in Ethiopia and is rarely used. Most Ethiopians do not have credit cards and Internet connections are slow and unreliable; however, Internet service should improve as Ethiopia plans to connect to the underground/sea fiber optic cable built by SEACOM. The following are some of Ethiopia's e-commerce sites:

Ethiopian Commodity Exchange
<http://www.ecx.com.et>

Ethio Gift
<http://www.ethiogift.com>

Ethio-Market
<http://www.ethiomarket.com>

Ethiopian Airlines
<http://www.ethiopianairlines.com>

Genuine Leather Craft
<http://www.genuineleathercraft.com>

Zemen Bank
<http://www.zemenbank.com>

Advertising and trade promotion are important in the Ethiopian market. Government-owned mass media outlets (radio, television, and newspapers) and privately-owned magazines, newspapers, and radio stations are the major means of advertising.

The Addis Ababa Chamber of Commerce and Sectoral Association organizes the largest international trade fair in Ethiopia, which attracts many foreign and local exhibitors.

Please refer to the following list for more information:

Disclaimer: Although this list is not comprehensive and inclusion does not constitute an endorsement or recommendation by the U.S. Government, it is a useful starting point for firms that need professional services in Ethiopia.

Chambers of commerce:

Addis Ababa Chamber of Commerce and Sectoral Association
P.O. Box 2458
Addis Ababa, Ethiopia
Tel: +251-11-550-4647
Fax: +251-11-550-4649
Email: planning@addischamber.com
<http://www.addischamber.com>

American Chamber of Commerce in Ethiopia
P.O. Box 18776
Addis Ababa, Ethiopia
Tel: +251-11-554-9002
Fax: +251-11-553-1989
Email: asfawa@gmail.com

Advertising agencies:

Horizon Ethiopia
P.O. Box 26782/1000
Addis Ababa, Ethiopia
Tel: +251-11-618-4045
Email: advertising@addisconnexion.com
<http://www.addisconnexion.com>

Afro link Studio
P.O. Box 1126, Code 1110
Addis Ababa, Ethiopia
Tel: +251-11-661-1085
Email: info@afrolinkstudio.com
<http://www.afrolinkstudio.com>

B.T. Digital Advert
Addis Ababa, Ethiopia
Tel: +251-11-663-1717
Fax: +251-11-662-6545
Email: btta@ethionet.et
<http://www.btadvert.com>

Cactus Advertising
P.O. Box 5790
Addis Ababa, Ethiopia
Tel: +251-11-662-3888
Fax: +251-11-661-5100
Email: cactusplc@ethionet.et

Lion Advertising
P.O. Box 5372
Addis Ababa, Ethiopia
Tel: +251-11-552-7835 / 552-7836
Fax: +251-11-551-2499
Email: lionadpr@ethionet.et

Mono 2000 PLC
Addis Ababa, Ethiopia
Tel: +251-11-663-3060
Fax: +251-11-663-3061
Mob: +251-91-121-2091
Email: monopl@yaho.com

Zeleman Production
P.O. Box: 17629
Addis Ababa, Ethiopia
Tel: +251-11-663-2800/01/02/03/04
Mobile: +251-91-124-5627
Fax: +251-11-662-6238
E-mail: info@zelemanproductions.comwww.zelemanproductions.com

Newspapers:

Addis Business
P.O. Box 2458
Addis Ababa, Ethiopia
Tel: +251-11-551-8882
Email: aachamber1@ethionet.et
<http://www.addischamber.com>

The Ethiopian Herald
P.O. Box 30701
Addis Ababa, Ethiopia
Tel: +251-11-662-5457
Fax: +251-11-156-9862
Email: et.press@ethionet.et
<http://www.ethpress.gov.et>

Addis Zemen (Daily Amharic newspaper)
P.O. Box 30145
Addis Ababa, Ethiopia
Tel: +251-11-662-5444
Fax: +251-11-156-9862
Email: et.press@ethionet.et
<http://www.ethpress.gov.et>

Capital (weekly)
P.O. Box 95 Code 1110
Addis Ababa, Ethiopia
Tel: +251-11-618-3253 / +251-11-651-3375
Fax: +251-11-618-5206
Email: syscom@ethionet.et
<http://www.capitalethiopia.com>

Fortune (weekly)
P.O. Box 1110, Code 259
Addis Ababa, Ethiopia
Tel: +251-11-662-7150
Fax: +251-11-662-3727
Email: tamrat@addisfortune.com
<http://www.addisfortune.com>

Press Digest (weekly)
P.O. Box 12719
Addis Ababa, Ethiopia
Tel: +251-11-111-2154
Fax: +251-11-551-3523
Email: Phoenix.Universal@t.ethionet.et
<http://www.Press-digest.info>

Sub Saharan Informer (weekly)
P.O. Box 22178 Code 1000
Addis Ababa, Ethiopia
Tel: +251-11-515-1800
Fax: +251-11-552-6722
E-mail: info@subsaharaninformer.com
<http://www.ssinformer.com>

The Daily Monitor
P.O. Box 4502
Addis Ababa, Ethiopia
Tel: +251-11-156-0199/156-0794
Fax: +251-11-156-0515
E-mail: themonitor@ethionet.et
<http://www.theafricamonitor.com>

The Reporter (weekly)
P.O. Box 7023
Addis Ababa, Ethiopia
Tel: +251-11-661-6188
Fax: +251-11-661-6189
Email: mcc@ethionet.et
<http://www.ethiopianreporter.com>

Government Media:

Ethiopian News Agency
P.O. Box 530
Tel: +251-11-155-0011
Fax: +251-11-155-1609
E-mail: ena@ethionet.et or enas@ethionet.et
<http://www.ena.gov.et>

Ethiopian Radio and Television Agency
P.O. Box 1020/5544
Tel: +251-11-550-5483 / 553-6566
Fax: +251-11-550-5174
E-mail: etv2@ethionet.et
<http://www.erta.gov.et>

Radio Fana
Addis Ababa, Ethiopia
Tel: +251-11-551-6777
Fax: +251-11-551-5039
E-mail: rfana@radiofana.com
<http://www.radiofana.com>

Walta Information Centre
P.O. Box 12918
Addis Ababa, Ethiopia
Tel: +251-11-467-0303
Fax: +251-11-467-0302
E-mail: wic@ethionet.et
<http://www.waltainfo.com>

Pricing

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All retail prices fluctuate according to market conditions except petroleum and fertilizer prices, which are set by the government. The general pricing structure for imports is on the basis of a customs duty (Harmonized System (HS) code is applicable), 15% VAT, 2% withholding tax, and 10% surtax and excise tax (depending on the type of product).

Prices of locally produced products have increased significantly in recent years. Prices of imported goods are also high, due to customs duties and high transportation costs.

Sales Service/Customer Support

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Sales service is available for most products, but customer service levels are poor in comparison to international standards. Consumer advocacy or protection associations currently operate in Ethiopia with weak capacity and authority.

Protecting Your Intellectual Property

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In April 2003, the government established the Ethiopian Intellectual Property Office (EIPO) to administer trademark, copyrights, and intellectual property issues. The Ethiopian Intellectual Property Rights Office (EIPO) has been tasked only to protect Ethiopian copyrighted materials and pirated software; foreign works are not considered part of their purview. Generally, EIPO has weak capacity in terms of manpower and law enforcement. In addition, a number of businesses, particularly in the tourism and service industries, operate in Ethiopia are freely using well-known trademarked names or symbols without permission.

Ethiopia has yet to sign a number of major international intellectual property rights (IPR) treaties, such as: the Paris Convention for the Protection of Industrial Property; the World Intellectual Property Organization (WIPO) copyright treaty; the Berne Convention for Literary and Artistic Works; and the Patent Cooperation Treaty.

MOTI's Ethiopian Trade Practices Commission is charged with reviewing, investigating, and resolving instances of Intellectual Property Right abuses in addition to addressing unethical business activities. U.S. companies are encouraged to secure local legal counsel to bring cases to the Commission. The Commission has the authority to assess fines and prescribe corrective actions.

Due Diligence

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Due diligence and project analysis are highly recommended for every sector. The U.S. Embassy offers the following fee-based services to assist in these efforts:

- International Company Profile (report on an individual company)
- Gold Key Service (arranging appointment schedule with relevant parties)
- International Partners Search (compiling information on potential strategic partners)

Please see http://www.export.gov/ethiopia/eg_et_019644.asp and http://ethiopia.usembassy.gov/commercial_office.html for more information on these services.

If U.S. firms require extensive and detailed market research or project analysis, the U.S. Embassy can recommend local consultancy firms.

Local Professional Services

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The following list includes companies that render general professional services:

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Banking and Finance:

Awash International Bank

<http://www.awash-international-bank.com>

Bank of Abyssinia

<http://www.bankofabyssinia.com>

Berhan International Bank

<http://www.berhan-bank.com>

Bunna International Bank

<http://www.bunnabanksc.com/>

Commercial Bank of Ethiopia

<http://www.combanketh.com>

Construction and Business Bank

<http://www.cbb.com.et>

Cooperative Bank of Oromia

<http://www.coopbankoromia.com.et>

Dashen Bank

<http://www.dashenbanksc.com>

Development Bank of Ethiopia

<http://www.dbe.com.et>

Lion International Bank

<http://www.anbesabank.com>

Nib International Bank

<http://www.nibbank-et.com>

Oromia International Bank
Email: oib@ethionet.et

United Bank
<http://www.hibretbank.com>

Wegagen Bank
<http://www.wegagenbank.com.et>

Zemen Bank
<http://www.zemenbank.com>

Hotels and Meeting Facilities:

Ghion Hotel
<http://www.ghionhotel.com.et>

Harmony Hotel
<http://www.harmonyhotelethiopia.com>

Hilton Addis Ababa
<http://www.hilton.com>

Jupiter Hotel
<http://www.Jupiterinternationalhotel.com>

Sheraton Addis Ababa
<http://www.luxurycollection.com/addis>

Tour Operators:

Abyssinian Tours
<http://www.abyssiniantours.com>

Ethiopia Travel
<http://www.ethiopiatravel.com>

Ethiopian Rift Valley Safaris
<http://www.ethiopianriftvalleysafaris.com>

Experience Ethiopia Travel
<http://www.telecom.net.et/~eet>

Travel Ethiopia
<http://www.travelethiopia.com>

Others:

Association of Ethiopian Microfinance Institutions
<http://www.aemfiethiopia.org>

Ethiopian Bar Association
<http://www.ethiopian-bar.org/>

Ethiopian Business Development Services Network
<http://www.bds-ethiopia.net/services.html>

Ethiopian Economics Association
<http://www.eeacon.org>

Ethiopian Medical Association
<http://www.ethiopianmedicalassociation.com>
Ethiopian Information Technology Professional Association
<http://www.eitpa.org>

Ethio-Jobs
<http://www.ethiojobs.net>

Precise Consult International
<http://www.ethiopiainvestor.com>

Construction Contractors Association of Ethiopia
<http://www.ethiopianconstruction.org>

Encore Employment Training Services
<http://www.encore-etcs.com>

Ethiopian Information Technology Professionals Association
<http://www.eitpa.org>

Ethiopian Horticulture Producer Exporters Association
<http://www.ehpea.org.et>

Ethiopian Leather Industries Association
<http://www.elia.org.et>

Web Resources

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Electronic Commerce:

Ethiopian Commodity Exchange
<http://www.ecx.com.et>

Ethio Gift
<http://www.ethiogift.com>

Ethio-Market
<http://www.ethiomarket.com>

Ethiopian Airlines
<http://www.ethiopianairlines.com>

Genuine Leather Craft
<http://www.genuineleathercraft.com>

Zemen Bank
<http://www.zemenbank.com>

Chambers of commerce:

Addis Ababa Chamber of Commerce and Sectoral Association
<http://www.addischamber.com>

American Chamber of Commerce in Ethiopia
Email: asfawa@gmail.com

Advertising agencies:

Horizon Ethiopia
<http://www.addisconnexion.com>

Afro link Studio
<http://www.afrolinkstudio.com>

B.T. Digital Advert
<http://www.btadvert.com>

Cactus Advertising
Email: cactusplc@ethionet.et

Lion Advertising
Email: lionadpr@ethionet.et

Mono 2000 PLC
Email: monopl@yaho.com

Zeleman Production
www.zelemanproductions.com

Addis Business
<http://www.addischamber.com>

Newspapers:

The Ethiopian Herald
<http://www.ethpress.gov.et>

Addis Zemen (Daily Amharic newspaper)
<http://www.ethpress.gov.et>

Capital (weekly)
<http://www.capitalethiopia.com>

Fortune (weekly)
<http://www.addisfortune.com>

Press Digest (weekly)
<http://www.Press-digest.info>

Sub Saharan Informer (weekly)
<http://www.ssinformer.com>

The Daily Monitor
<http://www.theafricamonitor.com>

The Reporter (weekly)
<http://www.ethiopianreporter.com>

Government Media:

Ethiopian News Agency
<http://www.ena.gov.et>

Ethiopian Radio and Television Agency
<http://www.erta.gov.et>

Radio Fana
<http://www.radiofana.com>

Walta Information Centre
<http://www.waltainfo.com>

Banking and Finance:

Awash International Bank
<http://www.awash-international-bank.com>

Bank of Abyssinia
<http://www.bankofabyssinia.com>

Berhan International Bank
<http://www.berhan-bank.com>

Bunna International Bank
<http://www.bunnabanksc.com/>

Commercial Bank of Ethiopia
<http://www.combanketh.com>

Construction and Business Bank
<http://www.cbb.com.et>

Cooperative Bank of Oromia
<http://www.coopbankoromia.com.et>

Dashen Bank
<http://www.dashenbanksc.com>

Development Bank of Ethiopia
<http://www.dbe.com.et>

Lion International Bank
<http://www.anbesabank.com>

Nib International Bank
<http://www.nibbank-et.com>

Oromia International Bank
Email: oib@ethionet.et

United Bank
<http://www.hibretbank.com>

Wegagen Bank
<http://www.wegagenbank.com.et>

Zemen Bank
<http://www.zemenbank.com>

Hotels and Meeting Facilities:

Ghion Hotel
<http://www.ghionhotel.com.et>

Harmony Hotel
<http://www.harmonyhotelethiopia.com>

Hilton Addis Ababa
<http://www.hilton.com>

Jupiter Hotel
<http://www.Jupiterinternationalhotel.com>

Sheraton Addis Ababa
<http://www.luxurycollection.com/addis>

Tour Operators:

Abyssinian Tours
<http://www.abyssiniantours.com>

Ethiopia Travel

<http://www.ethiopatransel.com>

Ethiopian Rift Valley Safaris

<http://www.ethiopianriftvalleysafaris.com>

Experience Ethiopia Travel

<http://www.telecom.net.et/~eet>

Travel Ethiopia

<http://www.travelethiopia.com>

Others:

Association of Ethiopian Microfinance Institutions

<http://www.aemfiethiopia.org>

Ethiopian Bar Association

<http://www.ethiopian-bar.org/>

Ethiopian Business Development Services Network

<http://www.bds-ethiopia.net/services.html>

Ethiopian Economics Association

<http://www.eeaekon.org>

Ethiopian Medical Association

<http://www.ethiopianmedicalassociation.com>

Ethiopian Information Technology Professional Association

<http://www.eitpa.org>

Ethio-Jobs

<http://www.ethiojobs.net>

Precise Consult International

<http://www.ethiopiainvestor.com>

Construction Contractors Association of Ethiopia

<http://www.ethiopianconstruction.org>

Encore Employment Training Services

<http://www.encore-etcs.com>

Ethiopian Information Technology Professionals Association

<http://www.eitpa.org>

Ethiopian Horticulture Producer Exporters Association

<http://www.ehpea.org.et>

Ethiopian Leather Industries Association

<http://www.elia.org.et>

U.S. Government websites

http://www.export.gov/ethiopia/eg_et_019644.asp

http://ethiopia.usembassy.gov/commercial_office.html

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Commercial Sectors

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Renewable Energy

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Ethiopia is experiencing energy shortages, currently estimated at 200 megawatts (MW). Although Ethiopia operates on approximately 874 MW of grid-based electricity, domestic peak demand has reportedly risen 25% beyond the national utility's supply. During the height of the 2009 crisis, the Ethiopian Government cut electricity 14 hours per day for 12 days each month, possibly costing the country more than 1 percent of its Gross Domestic Product (GDP). To meet expanding needs, the government has traditionally relied on hydropower development. Currently, hydropower supplies more than 80% of the country's total installed capacity.

In early 2010, Ethiopia's Minister of Mines and Energy (MOME) Alemayehu Tegen said that Ethiopia's installed energy capacity will reach 2000 MW in few months time and his ministry's objective is to raise that capacity to 10,000 MW in the coming years. According to Ethiopian Electric and Power Corporation's (EEPCO) CEO, EEPCo's generation development plan consists mainly of hydro dam projects, with geothermal and wind power plants to complement hydropower. Rough estimates place Ethiopia's hydroelectricity generation potential at over 45,000 MW, with approximately 5% of that figure currently harnessed, and geothermal potential of 1000 MW.

Were all of Ethiopia's hydro development plans to come online according to schedule and operate at full capacity, the country would generate enough electricity to meet its own growing demand as well as to supply excess for exports. Yet frequent droughts, dam siltation from severely degraded watersheds, malfunctioning dam equipment and infrastructure, and slow construction on new dam sites, as well as environmental and social impact concerns associated with the Gilgel Gibe III dam construction (near the Ethiopia-Kenya border), are all factors serving to seriously undermine the country's hydro-based power supply.

Over 90% of Ethiopia's energy is derived from renewable sources, mostly hydro but with wind, solar, geothermal, and bio fuel, providing the country with increasing renewable energy options apart from hydropower. As of March 2010, Ethiopia is still finalizing a draft feed-in tariff bill, which should offer independent power producers the option to sell renewable energy power to the national grid at specified rates.

Best Prospects/Services

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Supply of drilling rigs and associated equipment, electric and electrical cables, transformers, and electric meters.

Engineering services to supply more renewable energy sources, such as wind, solar, geothermal, biomass (municipal landfills, organic waste) as well as hydropower.

Opportunities

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Refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Resources

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Ethiopian Electric and Power Corporation
<http://www.eepco.gov.et>

The World Bank
<http://www.worldbank.org>

Ministry of Mines and Energy
<http://www.mome.gov.et/index.html>

Road Construction

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The World Bank and donor agencies are participating heavily in Ethiopia's Road Sector Development Program (RSDP). The Third Road Sector Development Program (RSDP III), which commenced in July 2007, will be finalized in July 2010 with a total estimated cost of \$3.8 billion. Although U.S. firms have bid on tenders to conduct road design and supervise construction, most of them have not been price competitive. Ethiopia will continue to need construction vehicles (bulldozers, cranes, trucks, and forklifts), vehicle attachments, and mechanized and non-mechanized equipment to level and pour construction materials. Most projects open for international competitive bidding are funded either by the Ethiopian Government or major international financial institutions, such as the International Development Association (IDA) of the World Bank and the African Development Bank (AFDB).

Best Prospects/Services

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U.S. exports of construction machinery, chemicals, and building materials to Ethiopia. U.S. firms involved in the road construction sector may also offer consultancy and supervision services. The possibility of supplier credit or vendor financing can improve export prospects.

Opportunities

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Refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Resources

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African Development Bank
<http://www.afdb.org>

World Bank
<http://www.worldbank.org>

Ethiopian Roads Authority
<http://www.era.gov.et>

Tourism

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Ethiopia's tourism potential is largely untapped and should be of enormous interest to foreign and local visitors on historic, cultural, or eco-tourism expeditions. Ethiopia has a diversity of wildlife (with many unique indigenous plant, bird, and mammal species), exotic landscapes, prehistoric sites, and architectural ruins of historical and religious significance. Many tourist sites are completely undeveloped and the infrastructure (hotels, restaurants, tour facilities) is underdeveloped as well. With a high volume of transit passengers transferring through Bole International Airport to global and regional destinations, there is a need for increased international standard accommodation near the airport for transit passengers. In addition, as the seat of the African Union and United Nations Economic Commission for Africa, Addis Ababa serves as a frequent venue for international conferences and events.

Best Prospects/Services

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Lodging facilities, camping gear, hotel furniture and equipment, vehicles for tour operators.

Opportunities

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Providing equipment to new hotels and travel agencies and building modern tourist hotel and facilities.

Refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Resources

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Ministry of Culture and Tourism
<http://www.tourismethiopia.org>

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Ethiopia's telecommunication sector is dominated by the state-owned enterprise Ethiopian Telecommunications Corporation (ETC). ETC serves as the sole provider of infrastructure, telecommunications, and Internet services. Ethiopia continues to invest in expanding and upgrading its telecommunications network. Ethiopia currently has the lowest telephone line density in Africa, with less than 2% coverage among potential fixed line customers. As of March 2009, there were 895,000 fixed lines, 3.3 million mobile phone users, and 44,000 Internet service subscribers in a country with 80 million people. ETC has plans to aggressively expand telecommunications services through 2010 with \$1.5 billion to \$2 billion in vendor financing obtained from Chinese companies. This expansion is focused on providing fixed wireless service in all of Ethiopia's 15,000 rural villages with dedicated lines for agriculture, education, health and consumer use.

In attempting to boost its international connectivity, ETC signed a deal with the private company SEACOM that will provide an estimated 445% increase in broadband bandwidth to Ethiopia. SEACOM's fiber optic cable will connect the entire East African region to the global network, reducing East Africa's reliance on expensive satellite connections. The SEACOM cable will link South Africa, Mozambique, Madagascar, Tanzania, Kenya and Ethiopia to India and Europe. The undersea fiber optic cable system will provide African retail carriers with equal and open access to inexpensive bandwidth, removing the international infrastructure bottleneck and supporting economic growth.

ETC has plans to expand ICT infrastructure across the country to support voice, data, and video services. To implement these plans, ETC will acquire digital overlay switches, transmission systems (mainly fiber optic backbone), digital microwave, satellite and wireless technology. Other projects contained within ETC's development program include DRMAS stations, VSAT stations, coin and card-operated telephones, expanded internet and mobile telephones. For all these projects, ETC will make substantial investments over the coming years. The Ethiopian Government appears to have no plans in the immediate future to introduce competition into the areas of service provision or allow independent infrastructure construction outside of their partnerships with Chinese companies. In January 2010, however, ETC selected a France Telecom to work as its management partner and the sector will have to be liberalized for Ethiopia to make progress towards joining the World Trade Organization (WTO).

Best Prospects/Services[Return to top](#)

Mobile banking services and outsourcing services.

Website software and technologies.

Equipment for fixed networks, switching and optical networks.

Opportunities

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As Ethiopia's broadband capacity expands, website content development and equipment for planned call centers.

Resources

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Ethiopian Telecommunications Corporation
<http://www.ethionet.et>

Aviation

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Overview

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Ethiopian Airlines (EAL) continues to expand its routes throughout Africa, Europe, Asia, and North America. Ethiopian serves 56 international destinations with 210 weekly international departures from Addis Ababa and a total of 555 weekly international departures worldwide. Considered one of Africa's premier airlines, EAL has been an important client for U.S. aviation companies with an all-Boeing international fleet equipped with both Pratt and Whitney and General Electric (GE) engines. In 2005, EAL signed a deal with Boeing to buy 10 Boeing 787 Dreamliner jets, which are expected to be delivered in 2011. GE will supply 20 Genx engines to power the Dreamliners. In January 2009, EAL purchased an MD-11 freighter aircraft from Boeing and in July 2009, EAL placed an order for five Boeing 777-200LRs and 12 Airbus A350-900s. The 777s will be powered by General Electric GE90-115 engines while the A350s will be powered by Trent XWB-84. EAL will begin taking deliveries of the 777s in October 2010 and the A350s in 2017. Furthermore, in January 2010, EAL signed an agreement with Boeing to purchase ten additional 737-800s aircrafts, delivery of which is scheduled to begin in November 2011. In February 2008, EAL purchased and installed a Boeing-737 Next Generation (NG) flight simulator.

EAL is a state-owned enterprise and holds the exclusive right to domestic air service for aircraft with 20 or more seats. In the past year, two new domestic private charter air service companies have entered the market-- Air Ethiopia (now called Addis Airlines) and Teddy Air--joining the already established Abyssinian Flight Services.

Best Prospects/Services

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Aircraft and engine sales to both EAL and smaller charter companies and airport equipment.

Opportunities

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Future aircraft purchases by EAL and growing smaller charter companies.

Addis Ababa Bole International Airport has plans to renovate and expand its terminals. These new facilities will need equipment, machinery, and structures related to indoor and outdoor facilities including baggage handling, shopping, cargo storage, transfers, food preparation, and parking. Other domestic airports will also require communications, safety, and security equipment as planned upgrades occur in the near future.

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Ethiopian Airlines
<http://www.ethiopianairlines.com>

Abyssinian Flight Services
<http://www.abbyssinianflights.com>

Air Ethiopia (Addis Airlines)
<http://www.airethiopia.net>

Ethiopian Airports Enterprise
<http://www.ethiopianairports.com>

Agricultural Sectors

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Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. Agriculture is the mainstay of the economy. The Ethiopian Government has identified increasing productivity of small holder farms and expanding large-scale commercial farms as its two priority areas. The Ethiopian Government, under the auspices of the Ministry of Agriculture and Rural Development (MOARD), recently created a new Agricultural Investment Support Directorate to oversee any new large-scale commercial farm deals. The new Directorate's goal is to increase productivity, employment, technology transfer, and foreign exchange reserves by attracting investors with incentives and favorable land lease terms. It is initially charged with negotiating deals for 7.4 million acres of land in the sparsely populated regions of Beneshangul Gumuz, Gambella, and Southern Nations, Nationalities, and People's Region.

Ethiopia imports all of its fertilizer, about 1 million tons a year, costing close to \$300 million. Given the primary focus of the economy on agriculture and the diversity of crops and products, the large-scale agro-processing sector offers numerous opportunities. With increased commercialization of this sector, there are growing demands for agricultural inputs and the supply and maintenance of tractors, harvesters, and other equipment such as grain silos, cold storage, and transport vehicles.

Ethiopia's cash crop production has potential for growth, especially in coffee, cut flowers, tea, sugar, spices, and tobacco. Domestically produced cotton is also in high demand by the growing textile and garment factories that seek to source locally. Ethiopia already produces beeswax, oilseeds, fruits and vegetables for export, but growth potential exists in these areas as well.

The Ethiopian Government is advising the use of water-harvesting methodologies and irrigation in rural areas as a means of reducing farmers' vulnerability to the recurring droughts that affect millions of families. Demand is anticipated for the supply of machinery and equipment as well as technical services in several areas, including hand farming implements and hand-powered tools and farming equipment, small-scale rural infrastructure equipment, water supply and sewage system machinery, such as irrigation pumps and well or bore-hole digging equipment.

Best Prospects/Services

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Supply of agricultural machinery, irrigation equipment, fertilizer, and seeds.

Opportunities

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Establishing a large-scale commercial farm or agro-processing operation in undeveloped ("virgin") regions of rural Ethiopia.

Resources

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Ministry of Agriculture and Rural Development
<http://www.moard.gov.et>

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Chapter 5: Trade Regulations and Standards

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- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
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- [Labeling and Marking Requirements](#)
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Import Tariffs

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- Revenue generation, not protection of local industry, appears to be the primary purpose of Ethiopia's tariffs. High tariffs are applied to protect certain local industries, however, such as the textile and leather industries. Goods imported from the Common Market for Eastern and Southern Africa (COMESA) members are granted a 10% tariff preference. Tariff duties range from 0% to 35%, with an average rate of 17%. Ethiopia has reduced customs duties on a wide range of imports in recent years, but duties still remain exorbitantly high on certain items such as vehicles. The Ethiopian Government offers duty-free import incentives for investors in certain sectors, especially those planning to export goods and generate foreign currency.
- Both Value-Added Tax (VAT) and excise taxes are imposed on imports. The VAT rate is 15% for all goods and services. There are ten excise tax brackets, applied equally to domestically produced and imported goods, ranging from 10% for textiles and electronic products to as high as 200% for alcoholic beverages. .

Trade Barriers

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- There are no special barriers to U.S. trade and investment, though a number of sectors remain closed to foreign investment (namely telecom and financial services) and U.S. companies have complained about the frequent cancellation of government tenders.
- Constraints to increased trade and investment are poor infrastructure, bureaucratic procedures, and high transaction costs.
- Importers are facing increasing difficulty in obtaining foreign exchange, particularly those importing goods or inputs destined for domestic sales. Ethiopia's central bank administers a strict foreign currency control regime and has a monopoly on all foreign currency transactions. The local currency (Birr) is not freely convertible. While larger firms, state-owned enterprises, and enterprises owned by the ruling party have not typically faced major problems obtaining foreign exchange, less well connected importers, particularly smaller,

- new-to-market firms, increasingly face burdensome delays in arranging trade related payments. An importer must apply for an import permit and obtain a letter of credit for the total value of the imports before an order can be placed. Even then, import permits are not always granted.
- On September 9, 2009, the Ethiopian Government enacted Proclamation No. 655/2009, establishing a regulatory framework for biosafety in Ethiopia. The stated objective of the proclamation is to protect biodiversity, as well as human and animal health, from the "adverse effects of modified organisms." This law places a significant regulatory burden on those who seek to import food commodities containing "modified organisms" (MO) and is both more expansive and comprehensive than internationally accepted norms on biosafety outlined in the Cartagena Protocol on Biosafety. For example, it makes no distinction between viable (i.e., able to reproduce in the environment) and non-viable organisms, as outlined in the Cartagena Protocol. As a result, the proclamation may result in a significant barrier to trade in both processed and raw food products, as well as a variety of agricultural products. Corn, soy, and cotton derivative products are among the potentially affected products.

Import Requirements and Documentation

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- Most imports to Ethiopia require: (1) three certified copies of the commercial invoice; (2) two detailed copies of the manufacturers invoice; (3) a bill of lading or airway bill; (4) pro-forma invoices; (5) a trade license for commercial imports; (6) an insurance certificate; and (7) a bank permit. Medicines and medical supplies must be registered with the Drug Administration and Control Authority of Ethiopia. Any plant or plant product, including seeds, agricultural inputs such as chemicals, pesticides and fertilizers cannot be imported to Ethiopia unless registered and duly authorized for import by the Ministry of Agriculture and Rural Development.
- Documents that should accompany exports include: (1) export declaration; (2) sales contract; (3) invoice; and (4) insurance certificate or policy.

U.S. Export Controls

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- U.S. companies exporting to Ethiopia must adhere to the requirements of the U.S. Department of Commerce's Bureau of Industry and Security (BIS) and Department of Treasury's Office of Foreign Asset Control (OFAC).
- BIS is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of most commercial items. Items that BIS regulates are often referred to as "dual-use"--items that have both commercial and military or proliferation applications--but purely commercial items without an obvious military use are also subject to the EAR.
- Other U.S. government agencies regulate exports that are more specialized. For example, the U.S. Department of State has authority over defense articles and defense services. Other agencies involved in export controls include OFAC, which administers controls against certain countries that are the object of sanctions affecting not only exports and re-exports, but also imports and financial dealings. A list of other agencies involved in export controls can be found in Supplement No. 3 to Part 730 of the EAR, which is available on the Government Printing Office website.

Temporary Entry

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Bonded warehouse storage facilities are available for periods of up to ninety days.

Labeling and Marking Requirements

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Shipping markings and labeling are required on all imported goods and should be identical on all documents. The Quality and Standards Authority of Ethiopia (QSAE) oversees these requirements (see contact information in the Standards section).

Prohibited and Restricted Imports

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- MOTI has the power to restrict and/or limit imports and exports.
- There are restrictions on the importation of products that compete with locally produced goods, particularly in the agricultural sector.
- Importing used clothes is prohibited.
- The import of arms and ammunitions, except by the Ministry of Defense, is prohibited.
- Goods of a commercial nature and quantity that are not imported through formal bank payment mechanisms are not allowed to enter Ethiopia and may be subject to confiscation.

Customs Regulations and Contact Information

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- Customs clearance time has been reduced to less than 21 days, down from over 40 days in recent years.
- Contact information: Ethiopian Revenues and Customs Authority: P.O. Box 2559, Addis Ababa, Ethiopia; Tel: +251-11-466-7466; Fax: +251-11-466-2628; Email: Min.of.reve@ethionet.et

Standards

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The Quality and Standards Authority of Ethiopia (QSAE) is the national standards body of Ethiopia and was established in 1970. This office regulates the quality of all exports and imports. QSAE is the only national standards body in Ethiopia. Standards are consistent with international norms and do not act as a barrier to U.S. products. QSAE

is a member of the International Organization for Standardization (ISO), International Organization of Legal Metrology (OIML), and Codex Alimentarius Commission (CAC). It is also a founding member of the African Regional Organization for Standardization (ARSO) and has close relations with the International Electrotechnical Commission (IEC).

Standards Organizations

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The Quality and Standards Authority of Ethiopia (QSAE) is the national standards body of Ethiopia.

Conformity Assessment

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QSAE generally conducts both testing and conformity assessments. The following organizations also provide some testing services: Building Design Enterprise; Addis Ababa University Technology Faculty; and Ethiopian Health and Nutrition Research Institute.

Product Certification

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With a few exceptions, there are no specific product certification requirements. The imports that are required to have product certification are: food stuffs; construction materials; chemicals; textiles; and pharmaceuticals. QSAE is working on requirements to certify additional products in areas where there is strong consumer interest and a competitive market environment.

The certification schemes used by QSAE are generally based on International Organization for Standardization/International Electrotechnical Commission (ISO/IEC) Guide 28: General rules for a model third-party certification system for products, which provides generic rules for third-party certification system in relation to determining conformity with product standards

Accreditation

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QSAE is working to establish an international accreditation system in line with ISO/IEC Guide 65: General requirements for bodies operating product certification systems. Accreditation is required only for certain sectors such as health, food, and construction. Currently, only one QSAE-certified body is operational. First Ethiopian Management Systems Certification Body has been accredited by the German Association for Accreditation based on ISO 9001 standard in areas of agriculture and fishing; food, beverage, and tobacco products; textile products; leather products; chemical products and fibers; rubber and plastic products; concrete, cement, lime, plaster, and other construction products; and educational products.

Publication of Technical Regulations

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Proposed technical regulations are regularly published by the QSAE. U.S. companies should contact the QSAE with comments on any proposed regulations. Final regulations are published in the national gazette, the Negarit Gazetta, after they are passed into law.

Labeling and Marking

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Various requirements exist for labeling and marking based on the Ethiopian Standards (ES). U.S. companies can contact QSAE for detailed product specific information.

Contacts

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Quality and Standards Authority of Ethiopia (QSAE) points of contact:

Director General
P. O. Box 2310
Addis Ababa, Ethiopia
Tel: +251-11-646-0525
Fax: +251-11-646-0880
E-mail: dgqsae@ethionet.et; qsae@ethionet.et
<http://www.qsae.org>

Public Relations and Education Service
Tel: +251-11-646-0569
E-mail: qsae@ethionet.et

Quality Manager
Tel: +251-11-646-0858

Inspection and Regulatory Affairs Directorate
Tel: +251-11-651-6486
E-mail: qsae@ethionet.et

Quality Certificate Directorate
Tel: +251-11-651-6453
E-mail: qsae@ethionet.et

Standards and Metrology Directorate
Tel. +251-11-646-0565
E-mail: qsae@ethionet.et

U.S. Embassy contact:

Economic/Commercial Section
U.S. Embassy Addis Ababa
Entoto Street
P.O. Box 1014
Addis Ababa, Ethiopia
Tel: +251-11-517-4450 / +251-11-517-4367
Fax: +251-11-124-2405 / +251-11-124-2431
Email: yilmaf@state.gov

Trade Agreements

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Ethiopia originally signed a Treaty of Amity and Economic Relations with the U.S. in Addis Ababa in 1951, which was updated in 1994. Ethiopia has no bilateral trade

investment agreement with the United States; however, it is eligible for preferential access to the U.S. market under the African Growth and Opportunity Act (AGOA).

Ethiopia is a signatory to the following trade agreements:

- Preferential Trade Agreement between the Ethiopian Government and the Government of the Republic of the Sudan (Addis Ababa, 25 April 2002)
- Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA) (Kampala, 5 November 1993)
- Agreement Establishing Intergovernmental Authority on Development (IGAD) (Nairobi, March 1996)
- ACP-EU Economic Partnership Agreement (Cotonou, 23 June 2000)

Ethiopia's World Trade Organization (WTO) accession process has been underway since 2003. Ethiopia submitted a Memorandum of Foreign Trade Regime to the WTO Secretariat in December 2006, sent replies to the first round of WTO member questions in January 2007, and held its first working party meeting in May 2008. In March 2009, Ethiopia submitted its replies to a second round of questions. The scheduling of the second working party meeting has been subject to extensive procedural delay, but is expected to be held in 2010.

Web Resources

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African Growth and Opportunity Act

<http://www.agoa.gov>

Common Market for Eastern and Southern Africa

<http://www.comesa.int>

Doing Business in Ethiopia

<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/MoreDetails.aspx?economyId=66>

Quality and Standards Authority of Ethiopia (QSAE)

<http://www.qsae.org>

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Openness to Foreign Investment

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- The Ethiopian Government states that the private sector is an engine of growth and that private capital should play an important role in the economy. The government has eliminated most of the discriminatory tax, credit and foreign trade treatment of the private sector, simplified administrative procedures, and established a clear and consistent set of rules regulating business activities. Despite the promotion of the private sector, state-owned enterprises and ruling party-owned entities dominate the major sectors of the economy.
- Though bureaucratic hurdles continue to affect implementation of projects, the Ethiopian Investment Agency (EIA), the main contact point for foreign investors, has improved its services and provides an expedited "one-stop shop" service that significantly cuts the time and cost of acquiring investment and business licenses. A foreign investor intending to buy an existing private enterprise or buy shares in an existing enterprise needs to obtain prior approval from the EIA.
- A National Foreign Investment Promotion Advisory Council operates with the goal of conducting foreign investment promotion on textiles and garments, leather and leather products, fruits and vegetables, and agro-processing areas. The Council's major tasks are to collect and make available basic data regarding land allocation, utilities connection, investment opportunities, market and other relevant information.
- In 2009, the Ethiopian Government shifted its agricultural policy focus towards encouraging private investment (both domestic and foreign) in larger-scale commercial farms. The Ministry of Agriculture and Rural Development (MoARD)

created a new Agricultural Investment Support Directorate that is currently negotiating long-term leases (all land is owned by the government) on over 7 million acres of land for these commercial farms. The new Directorate's goal is to boost productivity, employment, technology transfer, and foreign exchange reserves by offering incentives to private investors.

- Rampant power outages forced factories and businesses to cease operations for several days per week in 2009. Power supply improved in late 2009, but demand still outpaces supply. The Ministry of Mines and Energy (MoME) is actively seeking additional investment in Ethiopia's energy sector to resolve its power crisis and even has plans to export electricity to neighboring countries. MoME is specifically interested in renewable energy sources and is finalizing a draft feed-in tariff bill which will establish the rates and conditions for independent power producers to sell electricity to the national grid.
- In January 2009, the first American Chamber of Commerce (AmCham) in Ethiopia was established to enhance the bilateral trading relations between the two countries. AmCham currently has about 60 members.
- In June 1996, the Ethiopian Government issued a revised Investment Code which provided incentives for development-related investments, reduced capital entry requirements for joint ventures and technical consultancy services, created incentives in the education and health sectors, permitted the duty-free entry of capital goods (except computers and vehicles), opened the real estate sector to expatriate investors, extended the losses carried forward provision, cut the capital gains tax from 40% to 10%, and gave priority to investors in obtaining land for lease.
- Amendments to Ethiopia's Investment Proclamation were issued in September 1998 and July 2002, further liberalizing the investment regime and removing most of the remaining restrictions. The remaining state-controlled sectors include telecommunications, postal services with the exception of courier services, and passenger air service using aircraft with more than 20 seats. Manufacturing of weapons and ammunitions and telecommunications services can only be undertaken as joint ventures with the government.
- Ethiopia's investment code prohibits foreign investment in banking, insurance, and financial services. Other areas of investment reserved for Ethiopian nationals include: broadcasting; air transport services; travel agency services, forwarding and shipping agencies; retail trade and brokerage; wholesale trade (excluding supply of petroleum and its by-products as well as wholesale by foreign investors of their locally-produced products); most import trade; export trade of raw coffee, chat, oilseeds, pulses, hides and skins bought from the market; live sheep, goats and cattle not raised or fattened by the investor; construction companies excluding those designated as grade 1; tanning of hides and skins up to crust level; hotels (excluding star-designated hotels); restaurants and bars excluding international and specialized restaurants; trade auxiliary and ticket selling services; transport services; bakery products and pastries for the domestic market; grinding mills; hair salons; clothing workshops (except by garment factories); building and vehicle maintenance; saw milling and timber production; custom clearance services; museums, theaters and cinema hall operations; and printing industries.
- Another important change made in the 2002 amendment was the reduction in the minimum capital requirement of foreign investors from \$500,000 to \$100,000 per project for wholly-owned foreign investments and from \$300,000 to \$60,000 for joint investments with domestic investors. The minimum capital required of

foreign investors in the areas of engineering, architectural, accounting and auditing services; business and management consultancy services; and publishing was reduced from \$100,000 to \$50,000 for wholly-owned foreign investment; and to \$25,000 for joint ventures undertaken with domestic partners. A foreign investor reinvesting profits or dividends or exporting at least 75% of the output will not be required to meet minimum capital requirements or the 27% equity requirement of local partners in joint ventures.

- The Ethiopian Government established a Trade Practices Commission in April 2003 as an investigative commission accountable to the Ministry of Trade and Industry. This Commission was designed to promote a competitive business environment by regulating anti-competitive, unethical, and unfair trade practices to enhance economic efficiency and social welfare. Some of the Commission's powers include: investigating complaints by aggrieved parties; compelling witnesses to appear and testify at hearings; and searching the premises of accused parties.
- Nearly all tenders issued by the Ethiopian Government's Privatization and Public Enterprises Supervising Agency (PPESA) are open to foreign participation. In some instances, the government prefers to engage in joint ventures with private companies rather than sell an entire entity. The government has sold approximately 260 public enterprises since 1994. Most of these enterprises were small enterprises in the trade and service sectors. Ten of these enterprises were privatized in 2009 and 93 public enterprises remain under PPESA control.
- Foreign investors have complained about the abrupt cancellation of some government tenders, a perception of favoritism toward Chinese vendors, and a general lack of transparency in the procurement system. In September 2009, Proclamation No. 649/2009 established a new public procurement and property administration agency. This agency is going to be an autonomous government organ, have its own judicial arm, and be accountable to the Ministry of Finance and Economic Development. The government established this new agency in order to achieve better transparency, efficiency, fairness, and impartiality in public procurement processes and to ensure that the government achieves the maximum benefit from public property use.
- Foreign investors do not face unfavorable tax treatment, denial of licenses, discriminatory import or export policies, or inequitable tariff and non-tariff barriers. However, some U.S. investors have experienced difficulties obtaining title deeds to properties purchased. Although government officials have at times intervened to resolve these problems, a lasting solution requires policy level changes.
- Ethiopia's World Trade Organization (WTO) accession process has been underway since 2003. Ethiopia submitted a Memorandum of Foreign Trade Regime to the WTO Secretariat in December 2006, sent replies to the first round of WTO member questions in January 2007, and held its first working party meeting in May 2008. In March 2009, Ethiopia submitted its replies to a second round of questions. The scheduling of the second working party meeting has been subject to extensive procedural delay, but is expected to be held in 2010.
- The Ethiopian Government cites FY 2008/09 (fiscal year ending July 7, 2009) Gross Domestic Product (GDP) growth at 10%, while the International Monetary Fund (IMF) and the World Bank estimate it at 6.5%. According to the government, Ethiopia's economy has grown at an average of 11% during the past five years.
- Ethiopia is enduring a severe foreign exchange crisis. Reserves dropped to \$700 million in December 2008, but have only slightly recovered to \$1.85 billion

in early 2010. Reserves have not stabilized due to Ethiopia's widening trade deficit. Ethiopia's total imports were \$7.7 billion for the FY 2008/09 fiscal year due to a reliance on imported petroleum and machinery products. Ethiopia's exports totaled only \$1.4 billion in the same year.

- Ethiopia has been battling high inflation in recent years. Year-on-year inflation peaked at 64% in July 2008-- the second highest in Sub-Saharan Africa after Zimbabwe--but it has declined to 8% in February 2010. In efforts to combat inflation, the Ethiopian Government enacted various measures beginning in late 2008, including: capping the lending limits of banks; reducing government borrowing from domestic banks; eliminating the domestic fuel price subsidy; depreciating the local currency; importing wheat and selling at subsidized prices; and lifting import duties on food imports.
- Ethiopia's ranking on various indices:

Indicator	Year	Index/Ranking
Transparency Int'l Corruption Index	2009	2.7; 120 out of 180 countries
Heritage Economic Freedom	2009	53.0/+0.5; 135 out of 179 countries
World Bank Doing Business	2010	107 out of 183 countries

Millennium Challenge Corporation (MCC) Scorecard:

MCC Government Effectiveness	2010	0.37 (84%); Median 0.00
MCC Rules of Law	2010	0.29 (66%); Median 0.00
MCC Control of Corruption	2010	0.12 (63%); Median 0.00
MCC Fiscal Policy	2010	-3.5 (22%); Median -1.4
MCC Trade Policy	2010	61.9 (23%); Median 67.9
MCC Regulatory Quality	2010	-0.23 (37%); Median 0.00
MCC Business Start up	2010	0.975 (86%); Median 0.918
MCC Land Rights Access	2010	0.731 (82%); Median 0.612
MCC Natural Resources Mgmt	2010	53.22 (31%); Median 61.6

Conversion and Transfer Policies

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- Ethiopia's central bank, the National Bank of Ethiopia (NBE), retains a monopoly on all foreign currency transactions. The NBE supervises all payments or remittances made abroad. The local currency (Birr) is not freely convertible. In 2004, the NBE issued a directive that allows non-resident Ethiopians and non-resident foreign nationals of Ethiopian origin to establish and operate foreign currency accounts up to \$50,000.
- Ethiopia's Investment Proclamation allows all foreign investors, whether or not they receive incentives, to remit freely profits and dividends, principal and interest on foreign loans, and fees related to technology transfer. Foreign investors may also remit proceeds from the sale or liquidation of assets, from the transfer of shares or of partial ownership of an enterprise, and funds required for debt service or other international payments. The right of expatriate employees to remit their salaries is granted in accordance with the foreign exchange regulations of the National Bank of Ethiopia (NBE). While these transfers are legally allowed, foreign companies face significant delay in the repatriation of profits, as the NBE does not have enough hard currency to allocate to this process. Banks started rationing foreign currency during 2008 on a priority basis,

given preference to the state-driven growth in construction, transport and communication as well as domestic food and agricultural subsidization programs. Many foreign investors face delays in importing equipment and spare parts and businesses must apply for foreign exchange for imports at least six-to-nine months in advance of their intended need. This lack of foreign exchange has reportedly forced some companies to buy hard currency in the illegal parallel market or to pay bribes to move up on banks' priority lists.

- In 2008, amendments to the Monetary and Banking Proclamation No. 83/1994 and the Banking Business Proclamation No. 84/1994 became effective (the amendments were Proclamation Numbers 591/2008 and 592/2008, respectively). These laws assigned more authority to NBE to license and rigorously supervise financial institutions.
- The Ethiopian Government has depreciated the Birr over 40% against the U.S. Dollar since 2008. In March 2010, the Birr traded at 13.4 per U.S. Dollar. The rate offered in the illegal parallel market made a marked divergence from the official rate starting in 2005, but the spread between the rates narrowed after the government significantly depreciated the Birr in 2009 and enforced a crackdown on illegal currency dealers. The parallel market exchange rate was approximately 14.1 Birr per U.S. Dollar in March 2010.
- Effective November 14, 2006, the NBE ordered that all bank processes concerning items for export to China shall be undertaken and overseen by the state-owned Commercial Bank of Ethiopia (CBE).
- In December 2009, the Proclamation on Prevention and Suppression of Money Laundering and the Financing of Terrorism became effective. This legislation calls for the established of a national financial intelligence unit.

Expropriation and Compensation

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- Per Ethiopia's 1996 Investment Proclamation and subsequent amendments, assets of a domestic investor or a foreign investor, enterprise or expansion cannot be nationalized wholly or partly, except when required by public interest and in compliance with the laws and payment of adequate compensation. Such assets may not be seized, impounded, or disposed of except under a court order.
- Ethiopia's Privatization and Public Enterprises Supervising Agency (PPESA) stopped accepting requests from owners of formerly expropriated properties in July 2008. The Derg military regime nationalized many properties in the 1970s. U.S. citizens are still involved in negotiating the return of some of these properties seized by the Derg with the Ethiopian Government.
- In recent years, U.S. citizens have reported threatened or actual property expropriation by the government and are involved in ongoing contractual investment disputes with the government. There are also complaints against the government by U.S. companies of unlawful contract termination and non-transparent tender award processes.
- In early 2009, the Ethiopian Government revoked licenses of six major coffee exporters and seized the coffee warehouses of over eighty firms as it accused them of "hoarding" coffee in hopes of selling it later for a higher price. The global price of coffee was historically low during this time period. The government blamed these exporters for the decline in coffee exports, while exporters blamed domestic issues such as new coffee marketing and control legislation as well as the capacity constraints of the new Ethiopia Commodity Exchange (ECX).

- According to the Investment Proclamation, disputes arising out of foreign investment that involve a foreign investor or the state may be settled by means agreeable to both parties. A dispute that cannot be settled amicably may be submitted to a competent Ethiopian court or to international arbitration within the framework of any bilateral or multilateral agreement to which the government and the investor's state of origin are contracting parties.
- Investors involved in disputes have expressed a lack of confidence in the judiciary to objectively assess and resolve disputes. Ethiopia's judicial system is weak, overburdened, poorly staffed and inexperienced, although efforts are underway to strengthen its capacity. While property and contractual rights are recognized and there are commercial and bankruptcy laws, judges often lack understanding of commercial matters and case scheduling suffers from extended delays. There is significant government influence and intervention into legal proceedings, particularly those related to government entities or officials. There is no guarantee that the award of an international arbitral tribunal will be fully accepted and implemented by Ethiopian authorities. Ethiopia has signed, but never ratified, the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

- The 2003 amendment to the Investment Proclamation outlines the investment incentives for investors in specific areas. New investors engaged in manufacturing, agro-industrial activities or the production of certain agricultural products and who export at least 50% of their products or supply at least 75% of their product to an exporter as production input are exempt from income tax for five years. An investor who exports less than 50% of his product or supplies his product only to the domestic market is income tax exempt for two years. Investors who expand or upgrade existing enterprises and export at least 50% of their output or increase production by 25% are eligible for income tax exemption for two years. An investor who invests in the relatively under-developed regions of Gambella, Beneshangul and Gumuz, South Omo, Afar or Somali Region will be eligible for an additional one-year income tax exemption.
- The government has established a special loan fund through the Development Bank of Ethiopia (DBE) and made available land at low lease rates for priority export areas such as floriculture, leather goods, textiles and garments, and agro-processing related products. An investor can borrow up to 70% of the cost of the project from this special fund without collateral upon presenting a viable business plan and 30% personal equity.
- An investor who exports hides and skins after processing only up to crust level will not be entitled to the income tax incentive. In 2008, a bill imposing an export duty on raw and semi processed hides and skins ranging from 5% to 150% was passed in efforts to shift the leather sector to export only finished goods.
- Investors are allowed to import duty-free capital goods and construction materials necessary for the establishment of a new enterprise or for the expansion of an existing enterprise. In addition, spare parts worth 15% of the value of the capital goods can be imported duty-free. This privilege may not be granted if comparable capital goods or construction materials are locally produced and

have competitive prices, quality, and quantity. Imported duty-free capital goods can no longer be used as loan collateral.

- The Ministry of Agriculture and Rural Development's (MoARD) new Agricultural Investment Support Directorate offers grace periods of up to seven years on land rents.
- Ethiopia does not have discriminatory or excessively onerous visa, residence, or work permit requirements for foreign investors.

Right to Private Ownership and Establishment

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- Both foreign and domestic private entities have the right to establish, acquire, own and dispose of most forms of business enterprises.
- There is no right of private ownership of land. All land is owned by the state and can be leased for up to 99 years.

Protection of Property Rights

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- Secured interests in property are protected and enforced, although all land ownership remains in the hands of the state. Certain residents have been relocated (and usually compensated) when the government decides that the land they are living on should be used for a road or other public use. Many ongoing property disputes date back to properties seized by the Derg military regime (1974-91). The current government's position is that property seized "lawfully" by the Derg (i.e., by court order or government proclamation published in the official gazette) remains the property of the state. In most cases, property seized by oral order or other informal means is gradually being returned to lawful owners or their heirs through a lengthy bureaucratic process. Claimants are required to pay for improvements made by the government during the time of its control over the property.
- Land leasehold regulations vary in form and practice by region. Land has been made readily available by the authorities to foreign investors in the manufacturing and agriculture sectors, but less so for real estate developers. Some investors, including foreign investors, reportedly have had their land and all assets forcibly taken by Sudanese authorities without recourse or response from the Ethiopian Government.
- Mortgages are uncommon as loan terms are generally quite short. There is no system of recording security interests.
- Ethiopia has yet to sign a number of major international intellectual property rights (IPR) treaties, such as: the Paris Convention for the Protection of Industrial Property; the World Intellectual Property Organization (WIPO) copyright treaty; the Berne Convention for Literary and Artistic Works; and the Patent Cooperation Treaty. The Ethiopian Intellectual Property Rights Office (EIPO) has been tasked only to protect Ethiopian copyrighted materials and pirated software; foreign works are not considered part of their purview. Generally, EIPO has weak capacity in terms of manpower and law enforcement. In addition, a number of businesses, particularly in the tourism and service industries, operate in Ethiopia are freely using well-known trademarked names or symbols without permission.
- Protecting Your Intellectual Property in Ethiopia:
 - Several general principles are important for effective management of intellectual property ("IP") rights in Ethiopia. First, it is important to have

an overall strategy to protect your IP. Second, IP is protected differently in Ethiopia than in the U.S. Third, rights must be registered and enforced in Ethiopia, under local laws. Your U.S. trademark and patent registrations will not protect you in Ethiopia. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

- Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Ethiopia market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally cannot enforce rights for private individuals in Ethiopia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Ethiopia law. Please see the following link for a list of local attorneys: http://ethiopia.usembassy.gov/attorney_information.html.
- While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.
- It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Ethiopia require constant attention. Work with legal counsel familiar with Ethiopia laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.
- It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations. These include:
 - The U.S. Chamber and local American Chambers of Commerce
 - National Association of Manufacturers (NAM)
 - International Intellectual Property Alliance (IIPA)
 - International Trademark Association (INTA)
 - The Coalition Against Counterfeiting and Piracy

- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- IP Resources: A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:
 - For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at www.stopfakes.gov.
 - For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.
 - For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.
 - For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
 - For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products), and allows you to register for Webinars on protecting IP.

Transparency of Regulatory System

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- Ethiopia's regulatory system is generally considered fair, though there are instances in which burdensome regulatory or licensing requirements have prevented the local sale of U.S. exports, particularly personal hygiene and health care products. Government ministries often pass decisions and associated paperwork to various other ministries before any decision is finalized. In many cases, this paperwork gets stuck in one ministry and no decision is made.
- Investment, business, and other licenses for foreign investors can now be obtained from the Ethiopian Investment Agency in a matter of hours.
- Proposed national laws are generally circulated for public comment prior to enactment.

Efficient Capital Markets and Portfolio Investment

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- Access to finance is an impediment to increased private investment. While credit is available to investors on market terms, the 100% collateral requirement limits the ability of some investors to take advantage of business opportunities. In addition, due to current inflationary concerns, the National Bank of Ethiopia (NBE) (central bank) does not allow commercial banks to lend above their

- current limits. Export-oriented investors can borrow from a special fund at the Development Bank of Ethiopia without collateral for up to 70% of the project cost.
- Ethiopia currently has fifteen banks--three state-owned and twelve privately-owned. Four more private banks are under formation but not yet licensed. Foreign banks are not permitted to provide financial services in Ethiopia. The state-owned Commercial Bank of Ethiopia owns approximately two-thirds of the \$11.6 billion in total assets of the banking sector (as of mid-2008 using exchange rate of 9.62 Birr/U.S. Dollar). Due to the NBE's recently-imposed stringent supervision, the commercial banks' non-performing loan ratio is declining and below 15%.
 - Ethiopia does not have a securities market, although a private sector initiative to establish a mechanism for buying and selling company shares is under discussion.
 - The Ethiopian Government partially controls interest rates. The government cannot affect interest rates through market actions and retains the right to set interest rates. The NBE determines the bank deposit rate floor, which now stands at 4%, while loan interest rates are allowed to float. Real interest rates have been negative in recent years mainly driven by high inflation. The government offers a limited number of 28 days, 3-month, and 6-month Treasury bills, but prohibits the interest rate from exceeding the bank deposit rate. The yields on these T-bills are very low, 0.68% for 28 days, 0.90% for 91 days, and 0.70% for 182-days bill as of October 2009. This market remains unattractive to the private sector and over 95% of the T-bills are held by the state-owned Commercial Bank of Ethiopia.
 - The Ethiopia Commodity Exchange (ECX) was launched in 2008 and currently offers trades of commodities such as coffee, sesame seeds, corn, and wheat. The government launched ECX to increase transparency in commodity pricing, alleviate food shortages, and encourage the commercialization of agriculture. Both buyers and sellers have complained of ECX inefficiency and ineffectiveness since its establishment; however, the exchange continues to make improvements in attempts to address these concerns.
 - There are no laws or regulations authorizing private firms to adopt articles of incorporation/association that limit or prohibit foreign investment, participation or control. There are no private sector or government efforts to restrict foreign participation in industry standards setting consortia or organizations. There are no known instances of private firms attempting to restrict foreign investment, participation, or control of domestic enterprises. There are no "cross-shareholding" or "stable shareholder" arrangements used by private firms to restrict foreign investment through mergers or acquisitions.

Competition from State Owned Enterprises

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- Despite the Ethiopian Government's promotion of the private sector, state-owned enterprises and ruling party-owned entities dominate the major sectors of the economy. There is state monopoly or state-run dominance in sectors such as telecommunications, power, banking, and insurance. Ruling party-affiliated "endowment" companies have a strong presence in the fertilizer, textile, and transport sectors.
- State-owned enterprises have considerable advantages over private firms, particularly in the realm of Ethiopia's regulatory and bureaucratic environment, including ease of access to credit and speedier customs clearance. Local

- business owners as well as foreign investors complain of the lack of a level playing field when it comes to state-owned and party-owned businesses. While there is no report of credit advancement to these entities, there are indications that they receive incentives such as priority foreign exchange allocation, preferences in government tenders, and marketing assistance.
- Corporate governance of state-owned enterprises is structured and monitored by a board of directors composed of senior government officials and politically-affiliated individuals. Ethiopia's published national budget does not include the financial activity of these enterprises.
 - The World Bank Investment Climate Competitiveness Surveys of 2002, 2004 and 2006 concluded that government preferences play an important role in distorting competition in Ethiopia. Types of government preferences identified in the report included ownership of enterprises, directed credit, and reduced barriers to entry.

Corporate Social Responsibility

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- Some larger international companies have introduced corporate social responsibility (CSR) programs; however, most local companies do not practice CSR. There is a movement to develop CSR programs by the Ministry of Trade and Industry in collaboration with the World Bank, U.S. Agency for International Development, and others. The Ethiopian Chamber of Commerce, in cooperation with regional chambers, is also creating awareness on the generally accepted CSR principles.

Political Violence

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- While Ethiopia has been relatively stable and secure for investors, cases of ethnic or religious violence have become more frequent and political tensions are high. Cases of small localized bombings have occurred, particularly in and around Addis Ababa, in recent years. While investors are not normally affected, insurgents operating in the Somali Region of Ethiopia have warned investors against exploring oil or natural gas resources in this area. In April 2007, the Ogaden National Liberation Front (ONLF) attacked Chinese and Ethiopian workers at an oil exploration site which was surrounded by military forces. Over 70 workers were killed in this attack. Political tensions exist along many of Ethiopia's border areas with Sudan, Eritrea, and Somalia.
- There was political unrest, violent protests and numerous arrests following the disputed May 2005 elections. Ethiopian Government forces killed nearly 200 Ethiopians during these protests. While the unrest had largely subsided by 2007, national elections in May 2010 have potential to trigger renewed political unrest. There have been numerous claims of voter intimidation and coercion of opposition party candidates and members in recent months.
- In 2009, the Ethiopian Government passed an Antiterrorism Proclamation granting executive branch-controlled security services virtually unlimited authority to take unilateral action to disrupt suspected terrorist activities. Terrorist activities are broadly defined in the legislation and could be used to define political activities. The proclamation does not require judicial review of such activities, but does give the courts the option, ex-post, to review past events. The Proclamation authorizes hearsay testimony as adequate in judicial proceedings.

- A Civil Society Organizations (CSO) law, adopted in February 2009, prohibits CSOs that receive more than 10% of their funding from foreign sources from engaging in activities that promote human rights and democracy; the rights of children and the disabled; equality among nations, nationalities, people, gender and religion; or conflict resolution or reconciliation. The Ethiopian Government has stated the law aims to increase the transparency and accountability of CSOs to stakeholders and restrict foreign involvement in purely domestic advocacy, but critics of the law have expressed concern that it will prevent the capacity development of civil society and undermine CSOs' watchdog role.

Corruption

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- Ethiopia ratified the United Nations (UN) Anticorruption Convention in 2007.
- The UN Investment Guide to Ethiopia (2004) asserted that routine bureaucratic corruption is virtually non-existent in Ethiopia. The guide added that bureaucratic delays certainly exist, but are not devices by which officials seek bribes.
- According to Transparency International's corruption perception index, Ethiopia's rating has declined in the past two years after spiking in the aftermath of the 2005 elections. Ethiopia ranked 130th out of 146 countries rated in 2004 (a higher number indicates a higher level of corruption), 137th out of 163 countries rated in 2006, 138th out of 180 countries rated in 2007, 126th out of 180 countries rated in 2008 and 120th out of 180 countries rated in 2009. There are suspicions that the frequent cancellation of telecommunications, power lottery, and other infrastructure tenders may be a result of corruption.
- The Ministry of Justice and the Federal Ethics and Anti-Corruption Commission (FEACC) are charged with combating corruption. Since its establishment, the Commission has arrested many officials on charges of corruption, including managers of the Privatization Agency, Ethiopian Telecommunications Corporation, National Bank of Ethiopia, Ethiopian Geological Survey, the state-owned Commercial Bank of Ethiopia, and private businessmen. The Commission reported that it arrested and conducted investigations on 203 corruption suspects from August 2008 to January 2009. In 2009, there were also several arrests of businessmen for alleged tax evasion.
- It is a criminal offense to give or receive bribes, and bribes are not tax deductible.
- Overview of corruption information as it pertains to U.S. businesses in the global context:
 - Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.
 - It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.
 - The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize

their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

- U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/docs/dojdocb.html>.
- UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention Ethiopian Governments beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the Organisation of Economic Co-operation and Development (OECD) Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Ethiopia is a party to the UN Convention.
- Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the U.S. Embassy can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.
- The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at http://tcc.export.gov/Report_a_Barrier/index.asp.
- Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the antibribery provisions of the FCPA regarding any proposed

business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at <http://www.justice.gov/criminal/fraud/fcpa>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

- Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.
- Anti-Corruption Resources:
 - Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
 - General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
 - Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
 - The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
 - The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index,

and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See

<http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Ethiopia has bilateral investment and protection agreements with China, Denmark, Italy, Kuwait, Malaysia, Netherlands, Russia, Sudan, Switzerland, Tunisia, Turkey, Yemen, Spain, Algeria, Austria, UK, Belgium/Luxemburg, Libya, Egypt, Germany, Finland, India, and Equatorial Guinea and a protection of investment and property acquisition agreement with Djibouti. A Treaty of Amity and Economic Relations, which entered into force in 1953, governs economic and consular relations with the United States. Ethiopia also has double taxation treaties with thirteen countries, including Italy, Kuwait, Romania, Russia, Tunisia, Yemen, Israel, South Africa and Sudan. There is no double taxation treaty between the U.S. and Ethiopia

OPIC and Other Investment Insurance Programs

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- The Overseas Private Investment Corporation (OPIC) has offered risk insurance and loans to U.S. investors in Ethiopia in the past, but has not originated any investment in Ethiopia in recent years. In 2007, OPIC established the Enterprise Development Network (EDN)--an alliance between OPIC and the private sector--to help source and process small business deals. The International Executive Service Corps (IESC), a non-profit economic development organization, became involved in this alliance as a loan originator.
- Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

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- Ethiopia's labor force is estimated at 35 million, of which 80% are employed in subsistence agriculture, mostly as farmers. The Ethiopian Government and armed forces are the most important sectors of employment outside of agriculture and provide work for almost 3 million people. Approximately 40% of the urban workforce is unemployed. The high urban underemployment is partially offset by an informal economy. According to a May 2006 International Labor Organization (ILO) survey, the informal sector constitutes 70% to 80% of the workforce. The economy is growing, but does not generate enough jobs for the 600,000 new entrants per year.

- Labor remains readily available and inexpensive in Ethiopia. Skilled manpower, however, is scarce in many fields. Ethiopia's illiteracy rate is over 60%.
- The right to form labor associations and engage in collective bargaining is constitutionally guaranteed for many workers, but excludes managerial employees, teachers, and civil servants. Only about 300,000 workers are members of labor unions. Most ILO Core Labor Standards have been enacted into law.
- Ethiopia has ratified all eight core ILO conventions. The Ethiopian Penal Code outlaws work specified as hazardous by ILO conventions. The Ethiopian Parliament ratified ILO Convention 182 on the Worst Forms of Child Labor in May 2003.
- Child labor is widespread in Ethiopia. While not a pressing issue in the formal economy, child labor is common in rural agrarian areas and the informal economy in urban areas. Employers are statutorily prohibited from hiring children under the age of 14. There are strict labor laws defining what sectors may hire "young workers," defined as workers aged 14 to 18, but these laws are infrequently enforced.
- Ethiopia generally enjoys labor peace. There was no formal labor strike in 2009 possibly due in part to the government's prohibition on public demonstrations. The government re-certified the Confederation of Ethiopian Trade Unions (CETU) in April 1997. Since its re-certification, CETU (with a constituent membership of 182,000) has focused on fundamental workers' concerns, such as job security, pay increases, severance pay, and health and retirement benefits. The new labor law that went into effect in February 2004 and amended in 2006 is generally considered pro-employer by labor unions. Workers who perform essential services are not permitted to strike. The Ethiopian Employers' Association (EEA) is dedicated to maintaining labor peace and works in harmony with the ILO, CETU and the Ministry of Labor and Social Affairs. Its leadership supports the adoption of all ILO Core Labor Standards. In general, entrepreneurs believe that cooperating with labor is in their self-interest.
- Although the law provides for workers' rights, unions have reported that employers frequently terminate workers for union activities. Anti-union discrimination is prevalent in the workplace and workers have found it difficult to conduct strikes. The ruling party tightly controls the leadership of the Confederation of Labor Unions and often influences union elections. Unemployment is high and poses major challenges to the organization of labor. There is no national minimum wage standard and many workers find it difficult to attain a decent standard of living.

Foreign-Trade Zones/Free Ports

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- There are no areas designated as foreign trade zones and/or free ports in Ethiopia although the Ethiopian Government does have a few dry ports it is developing on its borders near port cities. Because of the 1998-2000 Ethiopian-Eritrean war, Ethiopian exports and imports through the Eritrean port of Assab are prohibited. As a result, Ethiopia conducts almost all of its trade through the port of Djibouti with some trade via the Somaliland port of Berbera and Port Sudan. Despite Ethiopia's efforts to clamp down on small-scale trade of contraband, unregulated exports of coffee, live animals, chat (a mildly narcotic amphetamine-like leaf), fruit and vegetables, and imports of cigarettes, alcohol, textiles, electronics and other consumer goods continues.

Foreign Direct Investment Statistics

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- Foreign direct investment (FDI) flows into Ethiopia have gradually increased in the last few years. According to estimates by the National Bank of Ethiopia, it increased from \$150 million in 2005 to \$880 million in 2009 (about 3% of GDP). Floriculture, horticulture, and leather are the sectors that have attracted the most FDI. Recently, commercial farming has attracted Indian, Saudi, European, and U.S. investors. The stock of U.S. foreign direct investment since 1992 in Ethiopia reached \$255 million as of September 2009, which includes both projects under implementation and operation.
- U.S. companies with a significant presence and participation in Ethiopia's economy include Boeing, Cargill, Sheraton Hotels, Lucent Technologies, Cisco, Coca-Cola, Pepsi-Cola, Schaffer & Associates, Pioneer Hi-Bred Seeds, Federal Express, United Parcel Service, Caterpillar, Mack Trucks, General Motors, Rank/Xerox Corporation, John Deere, Navistar, Rx for Africa, and Hughes Network.

Web Resources

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Local Attorneys

http://ethiopia.usembassy.gov/attorney_information.html.

Patent, Trademark, or Copyright issues

<http://www.stopfakes.gov>

Information on the Foreign Corrupt Practices Act

<http://www.justice.gov/criminal/fraud/docs/dojdocb.html>

The UN Anticorruption Convention

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

To report a Trade Barrier

http://tcc.export.gov/Report_a_Barrier/index.asp

U.S. Department of Justice Fraud Section

<http://www.justice.gov/criminal/fraud/fcpa>

Office of the Chief Counsel for International Counsel

http://www.ogc.doc.gov/trans_anti_bribery.html

Department of Commerce Office of the Chief Counsel for International Commerce

http://www.ogc.doc.gov/trans_anti_bribery.html

Corruption Perceptions Index

http://www.transparency.org/policy_research/surveys_indices/cpi/2009

Global Corruption Report

<http://www.transparency.org/publications/gcr>

Worldwide Governance Indicators

http://info.worldbank.org/governance/wgi/sc_country.asp

Global Enabling Trade Report

<http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>

U.S. State Department's annual Human Rights Report

<http://www.state.gov/g/drl/rls/hrrpt/>

World Bank Global Integrity Report

<http://report.globalintegrity.org/>

World Bank Business Environment and Enterprise Performance Surveys

<http://go.worldbank.org/RQQXYJ6210>

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
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How Do I Get Paid (Methods of Payment)

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There are different basic methods of receiving payment for products sold in Ethiopia, the selection of which is usually determined by the degree of trust in the buyer's ability to pay. Payment alternatives that U.S. exporters might consider, in order of the most secure to the least secure, include:

- Confirmed irrevocable letter of credit (if concerned about the importer and international standing of his bank)
- Irrevocable letter of credit (if concerned only about the reliability of the importer)
- Documentary collection (cash against document)
- International Telegraphic Transfer (when the transaction is below \$5,000 and certain types of goods, such as urgent medicine).

As a general rule, U.S. exporters selling to Ethiopia for the first time are advised to transact business only on the basis of an irrevocable letter of credit, confirmed by a recognized international bank. Any other form of payment carries a high level of risk.

How Does the Banking System Operate

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- The Ethiopian Government allowed the establishment of private banks and insurance companies in 1994, but continues to prohibit foreign ownership in this sector. The Ethiopian banking sector is currently comprised of a central bank (National Bank of Ethiopia--NBE), three government-owned banks, twelve private banks, and twelve insurance companies. In 2010, licenses for four additional private banks are pending.
- The state-owned Commercial Bank of Ethiopia (CBE) dominates the market in terms of assets, deposits, bank branches, and total banking workforce. CBE operates 209 branches, holding over two-thirds banking sector assets.
- The two government-owned specialized banks are the Development Bank of Ethiopia (DBE) and the Construction and Business Bank (CBB). DBE extends short, medium and long-term loans for viable development projects, including industrial and agricultural projects. Export-oriented investors can borrow from a special fund at the Development Bank of Ethiopia without collateral for up to 70% of the project cost. DBE also provides other banking services such as checking and saving accounts to its clients.
- The CBB provides long-term loans for construction, acquisition or maintenance of dwellings, community facilities and real estate development. In addition, it offers all other commercial banking services to business.

- The NBE aims to foster monetary stability and a sound financial system, maintaining credit and exchange conditions conducive to the balanced growth of the economy. The NBE may engage with banks and other financial institutions in the discount, rediscount, purchase, or sale of duly signed and endorsed bills of exchange, promissory notes, acceptances, and other credit instruments with maturities of not more than 180 days from the date of their discount, rediscount, or acquisition by the bank. The bank may buy, sell, and hold foreign currency notes and coins and such documents and instruments, including telegraphic transfers, as are customarily employed in international payments or transfers of funds.
- In efforts to combat inflation, the Ethiopian Government capped the lending limits of banks beginning in late 2008. This measure has restricted the private sector's access to finance.

Foreign-Exchange Controls

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All payments abroad require permits and all transactions in foreign exchange must be carried out through authorized dealers supervised by the NBE. The NBE has delegated most of the foreign exchange transaction functions to the commercial banks but strictly dictates margins. Importers and exporters now obtain import/export permits through the commercial banks. In addition, exporters can retain indefinitely 10% of their foreign exchange proceeds and sell the remaining 90% to commercial banks within four weeks. Foreign investors may repatriate all of their profits abroad.

The acute foreign exchange crisis that plagued Ethiopia throughout 2008 and 2009 is expected to continue to challenge businesses in the future. Foreign exchange reserves dropped to \$700 million in 2008, but have risen to about \$1.85 billion in early 2010. Currently, businesses face multi-month long waiting lists for foreign exchange allocation with exporters receiving the highest priority slots.

U.S. Banks and Local Correspondent Banks

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U.S. banks are prohibited from operating in Ethiopia. The following are some Ethiopian banks with correspondent relationships with U.S. banks:

Awash International Bank
P.O. Box 12638
Addis Ababa, Ethiopia
Tel: +251-11-661-4482/661-3023
Fax: +251-11-661-4477
Email: awash.bank@ethionet.et
<http://www.awash-international-bank.com>

Bank of Abyssinia
P.O. Box 12947
Addis Ababa, Ethiopia
Tel: +251-11-551-4130
Fax: +251-11-551-0409
Email: bankofabyssinia@ethionet.et
<http://www.bankofabyssinia.com>

Commercial Bank of Ethiopia (CBE)

P.O. Box 255

Addis Ababa, Ethiopia

Tel: +251-11-551-5004

Fax: +251-11-551-4522

E-mail: cbe.president@ethionet.et; cbeMrk@telecom.net.et

<http://www.combanketh.com>

Construction and Business Bank

P.O. Box 3480

Addis Ababa, Ethiopia

Tel: +251-11-551-51-2300

Fax: + +251-11-551-5103

E-mail: cbb@ethionet.et / cbbbdd@ethionet.et

<http://www.cbb.com.et>

Dashen Bank

P.O. Box 12752

Addis Ababa, Ethiopia

Tel: +251-11-465-4073/465-0286

Fax: +251-11-465-3037

E-mail: dashen.bank@ethionet.et

<http://www.dashenbanksc.com>

National Bank of Ethiopia (NBE) (Central Bank)

P.O. Box 5550

Addis Ababa, Ethiopia

Tel: +251-11-551-7430

Fax: +251-11-551-4588

Email: nbe.excd@ethionet.et

<http://www.nbe.gov.et>

Nib International Bank

P.O. Box 2439

Addis Ababa, Ethiopia

Tel: +251-11-550-3288/550-3304

Fax: +251-11-550-4349

Email: nibbank@ethionet.et

<http://www.nibbank-et.com>

United Bank

P.O. Box 19963

Addis Ababa, Ethiopia

Tel: +251-11-465-5222/465-5272

Fax: +251-11-465-5243

Email: hibretbank@ethionet.et

<http://www.unitedbank.com.et>

Wegagen Bank
P.O. Box 1018
Addis Ababa, Ethiopia
Tel: +251-11-552-3800/552-3526
Fax: +251-11-552-3520/552-3521
E-mail: wegagen@ethionet.et
<http://www.wegagenbank.com.et>

Lion International Bank S.C
P.O. Box 27026 Code 1000
Addis Ababa, Ethiopia
Tel: +251-11-662-6000
Fax: +251-11-662 5999
Email: anbesabank@ethionet.et, lionbank@ethionet.et
<http://www.anbesabank.com>

Zemen Bank S.C
Addis Ababa, Ethiopia
Tel: +251-11-552-3800/552-3526
Fax: +251-11-552-3520/552-3521
Email: customerservice@zemenbank.com
<http://www.zemenbank.com>

Project Financing

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- Access to finance is challenging on the local market. Local private banks often require a large percentage of loans as collateral, which must usually consist of cash or durable capital physically located in Ethiopia. The NBE must approve loans from overseas institutions that require hard currency debt repayments.
- The World Bank's International Finance Corporation provides some equity financing for private sector projects. The World Bank agreed to release roughly \$500 million for the implementation of development projects every year. The African Development Bank granted Ethiopia \$200 million for the same purpose.

A list of some ongoing projects funded by the World Bank/International Development Association (IDA) is below:

Table 1: Ethiopian Private Sector Development – Capacity Building

Project Name (ID):	ET-Priv Sec Dev CB (FY05) (P050272)
Country:	Ethiopia
Board Approval Date:	21-Dec-2004
Closing Date:	31-Jul-2012
Sector:	General industry and trade sector (60%); Central Government Administration (32%); Tertiary education (8%)
Project development objective(s):	The key objective is to facilitate increased participation of the private sector in the economy by creating conditions for improving its productivity and competitiveness.

Table 2: Ethiopian Sustainable Land Management

Project Name (ID):	ET-Sustainable Land Mngt SIL (FY08) (P107139)
Country:	Ethiopia
Board Approval Date:	29-Apr-2008
Closing Date:	30-Sep-2013
Sector:	General water, sanitation and flood protection sector (32%); General agriculture, fishing and forestry sector (30%); Central government administration (26%); Sub-national government administration (9%); Law and justice (3%)
Project development objective(s):	The development objectives of the project are to reduce land degradation in agricultural landscapes and improve the agricultural productivity of smallholder farmers. The global environment objective is also to reduce land degradation and enhance the protection and/or restoration of ecosystem functions and diversity in agricultural landscapes.

Table 3: Ethiopian Road Sector Development

Project Name (ID):	ET-Road Sec Dev Prgm Ph 2 Supl 2 (FY05) (P082998)
Country:	Ethiopia
Board Approval Date:	22-Sep-2004
Mid-Term Review Date:	22-Oct-2007
Closing Date:	30-Jun-2012
Sector:	Roads and highways (90%); Central government administration, (9%); Sub-national government administration (1%)
Project development objective(s):	The objectives are to: (i) increase the road transport infrastructure, and improve its reliability; (ii) strengthen the capacity for road construction, management and maintenance; and (iii) create conditions conducive to private sector participation in the road sector.

Table 4: Ethiopian Rural Electric Access

Project Name (ID):	ET-Elect. Access Rural II SIL (FY07) (P101556)
Country:	Ethiopia
Board Approval Date:	03-Jul-2007
Closing Date:	31-Dec-2011
Sector:	Power (94%); Renewable energy (4%); Central government administration (2%)
Project development objective(s):	The project's development objective is to establish a sustainable program for expanding access to electricity in rural communities thus supporting broad-based economic development and helping alleviate poverty.

Table 5: Ethiopian Financial Sector Capacity Building

Project Name (ID):	ET-Financial Sector Cap Bldg. Project (P094704)
Country:	Ethiopia
Board Approval Date:	22-Jun-2006
Mid-Term Review Date:	04-Apr-2008
Closing Date:	30-Jun-2010
Sector:	Banking (45%); Housing finance and real estate markets (17%); Micro- and SME finance (17%); Capital markets (11%); Payment systems, securities clearance and settlement (10%)
Project development objective(s):	The project will assist in building the foundation for a more transparent, well-governed, well-regulated, and competitive financial sector that can allocate resources to the private sector more effectively and efficiently, and help ensure better access to finance for all.

Table 6: Ethiopian Tourism Development

Project Name (ID):	ET-Tourism Develop. Project SIL (P098132)
Country:	Ethiopia
Board Approval Date:	30-Jun-2009
Closing Date:	30-Dec-2014
Sector:	Other industry (45%); Other domestic and international trade (41%); Public administration- Industry and trade (9%); General education sector (5%)
Project development objective(s):	The project development objective is to enhance the quality and variety of tourism products and services in targeted destinations so as to increase the volume of tourism, foreign exchange earnings, and jobs.

World Bank project source:

<http://siteresources.worldbank.org/EXTSOPE/Resources/5929620-1254491038321/6460830-1254525284835/Ethiopia.pdf>

Web Resources

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U.S. agencies:

Export-Import Bank of the United States

<http://www.exim.gov>

Country Limitation Schedule

http://www.exim.gov/tools/country/country_limits.html

OPIC

<http://www.opic.gov>

Trade and Development Agency
<http://www.tda.gov/>

SBA's Office of International Trade
<http://www.sba.gov/oit/>

USDA Commodity Credit Corporation
<http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development
<http://www.usaid.gov>

Other resources:

Commercial Bank of Ethiopia
<http://www.combanketh.com>

World Bank
<http://www.worldbank.org>

African Development Bank
<http://www.afdb.org>

Development Bank of Ethiopia
<http://www.dbe.com.et>

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Chapter 8: Business Travel

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Business Customs

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- The principles of customary business courtesy, especially replying promptly to requests for price quotations and orders, are a prerequisite for exporting success.
- Business hours are usually from 8:30 or 9:00 a.m. to 5:00 or 5:30 p.m. Most businesses close for lunch for an hour anytime from 12:00 to 2:00 p.m.
- Most businesspersons wear standard business suits and the exchange of business cards is a standard practice. In some instances, small gifts are exchanged.
- U.S. firms should maintain close contact with distributors and customers to exchange information and ideas. Local distributors/representatives can serve as the best source of local market requirement information and as appraisers of product market acceptance. In most instances, mail, fax, telephone, and increasingly e-mail communications are sufficient, but the understanding developed through periodic personal visits is the best way to keep distributors apprised of new developments and to resolve problems quickly.
- Ethiopians tend to be fairly formal during initial meetings and become less so once personal relationships are developed. Individuals are universally addressed by first name rather than by last name (no family name is used; the second name is the person's father's first name). For a man, the common title (comparable to "Mister") is "Ato" and for a woman it is "Woizero" (Mrs.) if married and "Woizerit" (Miss) if single. Business is often conducted at the office or during a meal. Business entertaining may be conducted at Ethiopian cultural restaurants (which include traditional dancing and food), international restaurants, or even in personal residences.
- Most services must be paid for in cash (local currency). Credit cards can only be used in a few hotels and high-end shops. Addis Ababa has a handful of ATMs, many of which are often out of service.

Travel Advisory

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Please visit the following websites for travel information and advisories:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1113.html

http://ethiopia.usembassy.gov/information_for_travelers.html

Visa Requirements

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Visas are required for all visitors to Ethiopia (with the exception of nationals of Djibouti and Kenya) and are readily available from Ethiopian diplomatic missions abroad. Citizens of the United States and nationals of some other countries are eligible to obtain and purchase visas at Bole International Airport upon arrival. Passports must be valid for six months beyond the end of the traveler's stay in Ethiopia. With few exceptions, passengers transiting through Ethiopia holding confirmed onward flight bookings within 72 hours may obtain transit visas on arrival. A departure tax of \$20 USD is levied on all foreign travelers (included in the airfare). Evidence of immunization against yellow fever is also required upon entry.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process.

Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy's webpage:

http://addisababa.usembassy.gov/information_for_travelers.html

Telecommunications

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There is only one telephone service provider in the country--the state-owned Ethiopian Telecommunications Corporation (ETC)--that operates all fixed, mobile and internet services. Phone and Internet services are poor due to low broadband capacity and frequent power outages, although this capacity should be improved by mid-2010 with Ethiopia's connection to the undersea/ground fiber optic cable built by SEACOM. Most "Blackberries" or similar devices do not currently work in the country. SIM cards are available for sale through different outlets, and some hotels rent out mobile phones. There are pay phones available both inside the airport and in parts of the city. Internet service is available at major hotels (though fees can be high) and at numerous Internet cafes throughout the capital and in some larger regional cities.

Transportation

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Many major airlines service Addis Ababa's Bole International Airport including Lufthansa, KLM, Ethiopian Airlines, Turkish Airways, and Egyptair. Ethiopian Airlines operates domestically to reach major regional hubs within the country. Private charter plane services are also available for domestic travel. Most hotels operate airport shuttles. In addition, individual taxis are widely available. Foreigners are not advised to use public buses or collective taxes (minibuses) due to safety concerns.

Language

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There are more than 80 major language groups in Ethiopia, although the national language, Amharic, is spoken throughout the country. Oromiffa and Tigrinya are other widely-used Ethiopian languages. English is the second official language and is understood in most towns among the more educated segment of the population.

Health

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Addis Ababa is located above 8,000 feet above sea level, which may cause health problems, even for otherwise healthy travelers. Individuals may experience shortness of breath, blurry vision, slow reaction times, fatigue, nausea, headaches, leg cramps, ringing in the ears and insomnia. Drinking large amounts of bottled water sometimes relieves these symptoms. Visitors should only drink bottled water and exercise caution if choosing to eat uncooked vegetables or meat. Health facilities are extremely limited in Addis Ababa and inadequate outside of the capital. Many medications are not available. Many regions outside of Addis Ababa are in malaria zones. All travelers should possess a valid health certificate for yellow fever. Other recommended vaccinations include: tetanus, hepatitis A, hepatitis B, typhoid, meningitis, poliomyelitis, and rabies.

Local Time, Business Hours, and Holidays

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Ethiopia is in the GMT + 3 hours time zone. Ethiopia follows the Julian calendar, which consists of twelve months of 30 days each and a 13th month of 5 or 6 days. The Ethiopian day starts at 6 a.m. (dawn) instead of 12 a.m., so Ethiopians often quote meeting times that are 6 hours different than an international clock. Be sure to confirm time and date schedules to avoid confusion.

Ethiopian Holiday Schedule 2010

January 7	Christmas
January 19	Epiphany
February 26*	Birthday of the Prophet Mohammed
March 2	Victory of Adwa
April 2	Good Friday
April 4	Ethiopian Easter
May 1	May Day (Int. Labor Day)
May 5	Patriots' Victory Day
May 28	Downfall of the Derg
September 10*	Id Al Feitr (Ramadan)
September 11	Ethiopian New Year
September 27	Meskal
November 17*	Id Al Id Al Adaha (Arefa)

* Holiday based on the lunar calendar. Dates are subject to change.

Temporary Entry of Materials and Personal Belongings

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Duty-free import is permitted for up to:

- 20 packets of cigarettes, or 250 grams of cigars, or 1/3 kilo of tobacco.

- 2 liters of alcoholic beverages or wine.
- 1/2 litter, or two bottles, of perfumes.
- 1 radio.
- Personal hygienic and cosmetic articles (6).
- Recorded video and tape cassette (6)
- 1 laptop computer with accessories (to be taken out of country up on departure).
- 1 non-professional camera.
- Articles of personal use for taking care of daily necessities of life.
- Visitors may export souvenirs with a value not exceeding Birr 500 (About 37 USD), although some articles (such as animal skins and antiques) require an export permit.

Web Resources

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Ethiopian Ministry of Foreign Affairs

http://www.mfa.gov.et/Consular_Affair_Diplomatic/Consular_Affair.php

Ministry of Culture and Tourism

<http://www.tourismethiopia.org/>

State Department Travel/visa websites

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1113.html

<http://travel.state.gov/visa/index.html>

United States Visas.gov

<http://www.unitedstatesvisas.gov/>

U.S. Embassy Addis Ababa

<http://ethiopia.usembassy.gov>

U.S. Embassy Addis Ababa (Consular Section – U.S. Citizen Services)

<http://ethiopia.usembassy.gov/service.html>

http://ethiopia.usembassy.gov/information_for_travelers.html

U.S. Embassy (Commercial/Economic Section)

http://ethiopia.usembassy.gov/commercial_office.html

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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U.S. Government Contacts:

U.S. Government Trade-Related
U.S. & Foreign Commercial Service
Commercial Service Eastern Africa
U.S. Embassy Nairobi, United Nations Avenue
P.O. Box 606, Village Market 00621
Nairobi, Kenya
Tel: +254-20-363-6000 (x6424)
Fax: +254-20-363-6065
Email: Jim.Sullivan@mail.doc.gov
<http://www.buyusa.gov/kenya>

Economic/Commercial Section
U.S. Embassy Addis Ababa
Entoto Street
P.O. Box 1014
Addis Ababa, Ethiopia
Tel: +251-11-517-4450 / +251-11-517-4367
Fax: +251-11-124-2405 / +251-11-124-2431
Email: Yilmaf@state.gov
http://ethiopia.usembassy.gov/commercial_office.html

Export-Import Bank (EXIM)
811 Vermont Avenue, N.W
Washington, D.C. 20571
Tel: (202) 565-3946 or 1-800-565-EXIM
Fax: (202) 565-3380
<http://www.exim.gov>

Foreign Agricultural Service
U.S. Embassy, Nairobi, United Nations Avenue
Tel: +254-20-363-6000 (x6413)
Fax: +254-20-363-6349
<http://www.fas.usda.gov>

U.S. Department of Commerce
Market Access and Compliance – Office of Africa
14th & Constitution Avenues, N.W
Washington, D.C. 20230
Tel: (202) 482-4227
Fax: (202) 482-5198
<http://www.commerce.gov>

Chambers of commerce:

The American Chamber of Commerce in Ethiopia
P.O. Box 18776
Addis Ababa, Ethiopia
Tel: +251-11-554-9002
Fax: +251-11-553-1989
Email: asfawa@gmail.com

Addis Ababa Chamber of Commerce and Sectoral Association
P.O. Box 2458
Addis Ababa, Ethiopia
Tel: +251-11-550-4647
Fax: +251-11-550-4649
Email: planning@addischamber.com
<http://www.addischamber.com/>

Ethiopian Chamber of Commerce and Sectoral Associations
Tel: +251-011-551-8240
Fax: +251-011-551-7699
E-mail: ethchamb@ethionet.et
<http://www.ethiopianchamber.com/>

Ethiopian Government Ministries and other Agencies:

Ethiopian Electric Power Corporation
P.O. Box 1233 or 3474
Addis Ababa, Ethiopia
Tel: +251-11-156-0041 / 156-0041
Fax +251-11-155-2345
Email: eelpa@telecom.net.et
<http://www.eepco.gov.et>

Ethiopian Investment Agency
P.O. Box 2313
Addis Ababa, Ethiopia
Tel: +251-11-553-9474 / 551-0033
Fax: +251-11-551-4396
Email: ethiopian.invest@ethionet.et

Ethiopian Telecommunications Corporation
P.O. Box 1047
Addis Ababa, Ethiopia
Tel: +251-11-551-0500
Fax: +251-11-155-2345
Email: etc.ceo@ethionet.et
<http://www.ethionet.et>

Ministry of Agriculture and Rural Development
P.O. Box 63247
Addis Ababa, Ethiopia
Tel: +251-11-551-8040 / 552-2276
Fax: +251-11-551-2984
Email: moard@ethionet.et
<http://www.moard.gov.et>

Ministry of Capacity Building
P.O. Box 1082
Addis Ababa, Ethiopia
Tel: +251-11-123-9911
Fax: +251-11-123-9872
Email: mocb5@ethionet.et

Ministry of Finance and Economic Development
P.O. Box 1037
Addis Ababa, Ethiopia
Tel: +251-11-122-6698
Fax: +251-11-155-3844
E-mail: medac2@telecom.net.et
<http://www.mofed.gov.et>

Ministry of Foreign Affairs of Ethiopia
P.O. Box 393
Addis Ababa
Tel: +251-11-551-7345
Fax: +251-11-551-4300
Email: MFA.Addis@ethionet.et
<http://www.mfa.gov.et>

Ministry of Health
P.O. Box 486
Addis Ababa, Ethiopia
Tel: +251-11-551-7011
Fax: +251-11-551-9366
Email: moh@ethionet.et
<http://www.moh.gov.et>

Ministry of Mines and Energy
P.O. Box 486
Addis Ababa, Ethiopia
Tel: +251-11-646-3166
Fax: +251-11-646-6134
Email: mme@ethionet.et
<http://www.mome.gov.et/index.html>

Ethiopian Revenues and Customs Authority
P.O. Box 2559,
Addis Ababa, Ethiopia
Tel: +251-11-466-7466
Fax: +251-11-466-2628
Email: Min.of.reve@ethionet.et
<http://www.erca.gov.et>

Ministry of Trade and Industry (MoTI)
P.O. Box 704
Addis Ababa, Ethiopia
Tel: + 251-11-551-3900
Fax: +251-11-151-4288
Email: moti@moi.gov.et

Ministry of Transport and Communications
P.O. Box 1238
Addis Ababa, Ethiopia
Tel: + 251-11-551-6166
Fax: +251-11-155-15665
Email: moti@moi.gov.et

Ministry of Culture and Tourism
P.O. Box 1907
Addis Ababa, Ethiopia
Tel: +251-11-551-9399:
Fax: +251-11-551-2889
Email: info@tourismethiopia.org; tour-com@telecom.net.et
<http://www.tourismethiopia.org>

Ministry of Water Resources
P.O. Box 5744
Addis Ababa, Ethiopia
Tel: +251-11-661-1111
Fax: +251-11-661-0885
Email: mowr@mowr.com.et
<http://www.mowr.gov.et>

Ministry of Science and Technology
P.O. Box 2490
Addis Ababa, Ethiopia
Tel: +251-11-551-1344
Fax: +251-11-552-4400
Email: comm.@estc.gov.et

Privatization and Public Enterprises Supervising Agency
P.O. Box 11835
Addis Ababa, Ethiopia
Tel: +251-11-552-7322
Fax: +251-11-553-6629
Email: Pesaepa.et@ethionet.et

Addis Ababa City Administration Municipality
P.O. Box 9137
Addis Ababa, Ethiopia
Tel: +251-11-156-2394
Fax: +251-11-155-1295
Email: cib@ethionet.et
<http://www.addisababacity.gov.et>

Addis Ababa City Administration Transport Authority
P.O. Box 8639
Addis Ababa, Ethiopia
Tel: +251-11-661-4690
Fax: +251-11-661-4702
Email: a.a.tcd@ethionet.et
<http://www.telecom.net.et/~aata>

Addis Ababa City Finance and Economic Development Bureau
P.O. Box 205
Addis Ababa, Ethiopia
Tel: +251-11-155-2680
Fax: +251-11-155-1685
Email: aa.cgfb@ethionet.et
<http://www.addisababacity.gov.et>

Addis Ababa Master Plan (AAMP)
P.O.Box:23683(Code 1000)
Addis Ababa, Ethiopia
Tel: +251-11-662-2743
Email: oramp@telecom.net.et
<http://www.telecom.net.et/~aamp>

Addis Ababa Revenue Agency
P.O. Box 205
Addis Ababa, Ethiopia
Tel: +251-11-157-1482
Fax: +251-11-157-1483
Email: info@aarevenue.et
<http://www.aarevenue.et>

Ethiopian Agricultural Research Organization
P.O. Box 2003,
Addis Ababa, Ethiopia
Tel: +251-11-646-2633
Fax: +251-11-646-1294
Email: dg@eiar.gov.et
<http://www.eiar.gov.et>

Ethiopian Airlines
P.O. Box 1755
Addis Ababa, Ethiopia
Tel: +251-11-661-5110
Fax: +251-11-661-1474
Email: publicrelations@ethiopianairlines.com
<http://www.ethiopianairlines.com>

Ethiopian ICT Capacity Building Program Development Agency
P.O. Box 1028
Addis Ababa, Ethiopia
Tel: +251-11-550-3973
Fax: +251-11-550-3974
Email: eictda@eictda.gov.et
<http://www.eictda.gov.et>

Ethiopian Insurance Corporation
P.O. Box 2545
Addis Ababa, Ethiopia
Tel: +251-11-551-2400
Fax: +251-11-551-7499
Email: eic.md@ethionet.et

Ethiopian Mapping Authority
P.O. Box 597
Addis Ababa, Ethiopia
Tel: +251-11-551-8445
Fax: +251-11-551-5189
Email: ema@telecom.et
<http://www.telecom.net.et/~ema>

Maritime and Transit Services Enterprise
P.O. Box 957, Addis Ababa
Tel: +251-11-551-0666
Fax: +251-11-551-4097
Email: mtse@telecom.et
<http://www.telecom.net.et/~mtse>

National Bank of Ethiopia
P.O. Box 5550
Addis Ababa, Ethiopia
Tel: +251-11-551-7430
Fax: +251-11-551-4588
Email: nbe.exced@telecom.net.et
<http://www.nbe.gov.et>

National Electoral Board of Ethiopia
P.O. Box 40812
Addis Ababa, Ethiopia
Tel: +251-11-551-4911
Fax: +251-11-551-4929
<http://www.electionsethiopia.org/Index.html>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the links below for information on upcoming trade events:

<http://www.export.gov/tradeevents/html>
<http://www.export.gov/ethiopia/>
<http://www.addischamber.com/aaccsa/tradefair/>

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Chapter 10: Guide to Our Services

The Economic/Commercial Section of the U.S. Embassy Addis Ababa is the operational arm of the U.S. Department of Commerce in Ethiopia. The Economic/Commercial Section is prepared to assist you with:

- Networking and linkage opportunities for financial, operational and technological needs;
- Business climate guidance for market entry and importation/exportation activities;
- Developing your business advocacy strategies for Ethiopian Government relationships;
- Matches with agents and potential business partners for your sector; and
- Information on Ethiopian business requirements and restrictions.

Services offered by our Commercial Team:

- Gold Key Service (arranging appointment schedule with relevant parties)
- International Company Profile (report on an individual company)
- International Partners Search (compiling information on potential strategic partners)

Gold Key

The Gold Key matching program provides visiting American firms with pre-qualified and pre-screened meetings with potential overseas agents, distributors, sales representatives and strategic business partners. This program features:

- Appointments with pre-screened and pre-qualified Ethiopian firms
- Background and contact information on each potential partner, such as: the size of the company; number of years in business; product or service lines; and capability to provide after-sales service.
- Customized market briefing with Commercial Specialists.
- Available market research on the relevant industry sector.

International Company Profile

The International Company Profile (ICP) helps U.S. companies evaluate potential business partners by providing a detailed report on those companies which have been personally visited by a U.S. Embassy Commercial Section representative in Ethiopia.

Clients can request answers to detailed questions about Ethiopian companies on a variety of issues and receive expert advice from our Commercial Specialists about the relative strength of the firm in its market and its reliability.

The International Partner Search

The International Partner Search (IPS) will help you to find the most suitable licensees, distributors, agents and strategic partners. You provide your marketing materials and

background on your company and using our extensive contacts in the target market we will identify potential partners and provide you with a detailed description of up to five pre-qualified prospects. You will:

- Save valuable time and money by working only with pre-qualified international partners that best meet your needs.
- Obtain valuable information on the marketability and sales potential of your products and services.

For more information on the services offered please click on the following links:

http://www.export.gov/ethiopia/eg_et_019644.asp

http://ethiopia.usembassy.gov/commercial_office.html

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website:
<http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.